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EXCHEQUER BILLS FORGERY.

REPORT

OF

THE COMMISSIONERS.

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ANNO QUINTO VICTORIÆ REGINÆ.—Sess. 2.

CAP. XI.—AN ACT for appointing Commissioners to inquire as to the Issue, Receipt, Circulation, and Possession of certain forged Exchequer Bills.

[22*nd April* 1842.]

WHEREAS certain documents purporting to be Exchequer Bills have been presented at the Exchequer for examination, and have been there detained as forged, and there is reason to believe that other forged and fraudulent documents purporting to be Exchequer Bills have been put into circulation, and are now holden by divers persons, who claim to have become possessed thereof *bonâ fide*, and for a full and valuable consideration; and whereas it is highly expedient for the public service that an inquiry should be made by Commissioners, to be specially appointed for that purpose, into the manner whereby such documents were made and issued, and in which the same came into the possession of the parties by whom they may now be holden: Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, that the Right Honourable *William* Earl of *Devon*, *Henry John Stephen*, Esquire, Serjeant at Law, and *Robert Mitford*, Esquire, be constituted and appointed Commissioners of Inquiry for the purpose of this Act; and in case of the death, resignation, refusal, or becoming incapable to act of any of the said Commissioners, then and as often as the same shall happen it shall be lawful for Her Majesty, by a Commission under the Great Seal of *Great Britain*, to constitute and appoint a person to be a Commissioner of Inquiry for the purposes of this Act in the place of the Commissioner so dying, resigning, refusing, or becoming incapable to act.

Commissioners be appointed.

II. And be it enacted, that every Commissioner appointed in pursuance of this Act shall, before beginning to act in the execution of the Commission, take the following Oath before the Lord Chief Justice of the Court of Queen's Bench, the Lord Chief Justice of the Court of Common Pleas, or the Lord Chief Baron of the Court of Exchequer; (that is to say,)

Commissioners to be sworn.

'I, *A. B.*, do swear, that I will truly and faithfully execute the powers and trusts 'vested in me by an Act, intituled [*here set forth the Title of this Act*], according 'to the best of my knowledge and judgment.

So help me God.'

III. And be it enacted, that the said Commissioners shall have power to appoint and at their pleasure to dismiss, a secretary, and so many clerks, messengers, and officers as shall be thought necessary by the Commissioners of Her Majesty's Treasury.

Secretary and Clerks to be appointed.

Place of Meeting.

IV. And be it enacted, that the said Commissioners shall meet from time to time in some convenient place or places to be appointed for that purpose, in *London* or *Westminster*, by the Commissioners of Her Majesty's Treasury; and the said Commissioners of Inquiry shall give notice of their appointment, and of their place or places of meeting in the *London Gazette*.

Inquiry by the Commissioners.

V. And be it enacted, that the said Commissioners shall, by all such lawful means as to them may appear best, with a view to the discovery of the truth, inquire into the case of every owner or holder of any of the documents purporting to be Exchequer Bills which are mentioned and described in the Schedule hereunto annexed, and also any other such documents as shall be referred to them by the Commissioners of Her Majesty's Treasury, and shall from time to time report to Her Majesty the evidence which shall be taken by them, and what they shall find concerning the manner of the issue, circulation, deposit or possession of every such document, and especially in what manner the owners or holders of such documents received the same, whether in exchange for other bills, and if so, in what manner such exchange was made; or whether by purchase in open market or otherwise, and if so, at what rate of purchase; or whether by way of deposit as securities for loans of money, and if so, at what rate of interest, and for what time such loans were made, and whether such loans were renewed, and if so, how often, and for what time; and also whether the owners or holders of such documents received the same in the usual course of business, and whether they employed any and what means of inquiry into the genuineness of such documents; and all other matters and things whereby, in the opinion of the said Commissioners, the truth may be better known touching the premises.

Reports to be laid before Parliament.

VI. And be it enacted, that every Report which the said Commissioners shall make to Her Majesty in pursuance of this Act, with the exception of any part of the evidence which the Commissioners of Her Majesty's Treasury may deem it essential for the public interest to withhold, shall be laid before Parliament within one calendar month next after such Report shall be made, if Parliament shall then be sitting, or if not then within one calendar month next after the then next meeting of Parliament.

Power to send for Persons, Papers, &c.

VII. And be it enacted, that the Commissioners to be appointed in pursuance of this Act shall be authorized, by a summons under their hands and seals, or under the hand and seal of any one of them, to require the attendance before them, at a time mentioned in the summons, of any person or persons whomsoever, competent, or whom the said Commissioners shall believe to be competent, to give evidence upon any question depending before them, and require all persons to bring before them such books, papers, deeds, and writings relating thereunto, as shall be necessary for carrying into execution the purposes of this Act; all which persons shall be required to attend the said Commissioners according to the tenor of the summons; provided that no persons shall be compellable to answer any question or to produce any book, paper, deed, or writing, the answer to which or the production of which may criminate or tend to criminate such person, or to expose such person to any pains or penalties.

No Person compellable to answer any criminating question.

Commissioners may give any Person a Certificate of his having made a true Disclosure of the Matters examined upon; which shall be a full Indemnification and Discharge.

VIII. Provided always, and be it enacted, that it shall be lawful for the said Commissioners, at their discretion, to give to any person examined before them a certificate in writing, stating that such person has upon his or her examination made a true and faithful disclosure touching all acts or matters to which he or she has been so examined; and such person so receiving such certificate, shall be and is hereby freed, indemnified, and discharged of, from, and against all penal actions, forfeitures, punishments, disabilities, incapacities, and all criminal prosecutions which he or she may have been or may become liable or subject to, or which he or she may have incurred or may incur, at the suit of Her Majesty, her heirs or successors, or any other person or persons, for or by reason or means of or in relation to any act, matter, or thing done or committed by such person in respect of any matter touching which he or she shall have been examined by the said Commissioners.

Writs of Habeas Corpus may be granted for bringing up Persons in Custody to be examined.

IX. And whereas it is expedient to make provision for bringing persons detained in custody under civil or criminal process to be examined before the said Commissioners touching such things as are necessary for the execution of the powers vested in them by this Act; be it enacted, that from and after the passing of this Act it shall be lawful for any Judge of Her Majesty's superior Courts of Common Law at *Westminster*, at his discretion, upon the certificate of such Commissioners, or any two of them, that the evidence of any such person is necessary to the effective prosecution of the inquiries, or some of them, directed by this Act, to award a writ or writs of habeas corpus for bringing any prisoner or prisoners detained in any gaol or prison in *England* before the said Commissioners of Inquiry, to be by them examined touching the matters aforesaid.

Commissio[illegible] examine o[illegible]

X. And be it enacted, that the said Commissioners, or one of them, shall administer an Oath, or, in the case of persons allowed by law to make affirmation instead of taking an oath, an affirmation, to all persons who shall be examined before them.

Penalty for Non-attendance or refusing to give Evidence.

XI. And be it enacted, that if any person upon whom any such summons shall be served by the delivery thereof to him or her, or by the leaving thereof at his or her usual place of abode, shall without reasonable cause, to be allowed by the said Commissioners of Inquiry, fail to appear before them at the time and place mentioned in the summons, or shall refuse to be sworn or make affirmation, (as the case may be,) or shall not make answer to such questions as shall be put to him or her touching any matter depending before the said Commissioners, or shall refuse or fail without reasonable cause (to be allowed by the said Commissioners) to produce and show to the said Commissioners any such books, papers, deeds and writings relating to any matter depending before them as shall be required by them as aforesaid, the said Commissioners, or the major part of them, shall have such and the like authority and powers in all respects touching any such person so failing to appear, or refusing to be sworn or to make affirmation, or not answering such questions as shall be put to him or her, or refusing to produce any such books, papers, deeds, or writings as aforesaid, as any of the superior Courts in *Westminster Hall*, or any Judge of the said Courts, may now by law exercise against any person for making default of appearance, or for refusing to be sworn or give evidence, on any issue joined in any action depending in any of the said Courts.

Penalty for false swearing.

XII. And be it declared and enacted, that every person who upon examination upon oath or affirmation before the said Commissioners of Inquiry shall wilfully give false evidence shall be liable to the pains and penalties of perjury.

Limitation of Actions.

XIII. And be it enacted, that no action shall be brought against the said Commissioners or either of them, or any other person or persons whomsoever, for any thing done in the execution of this Act, unless such action shall be brought within six calendar months next after the doing of such thing.

Act may be amended or repealed.

XIV. And be it enacted, that this Act may be amended or repealed by any Act to be passed in this present Session of Parliament.

SCHEDULE TO WHICH THIS ACT REFERS.

STATEMENT of Instruments purporting to be Exchequer Bills for £1,000 each, presented at the Office of the Comptroller-General of the Exchequer, for Examination, and detained.

No. of Receipt.	Name of Party.	Numbers.		Act.	Total Number.	Total Amount.
		5	No. 8,319 to 8,323	3 & 4 Vic. c. 106 .		£.
		1	No. 8,384 . . .	,, ,,		
1	Chief Cashier of Bank of England	7	No. 6,498 to 6,504	4 Vic. c. 19 . .	16	16,000
		1	No. 7,065 . . .	,, ,,		
		2	Nos. 7,104, 7,105	,, ,,		
2	Samuel Steward .	3	No. 6,495 to 6,497	,, ,,	3	3,000
3	Benjamin Cole. .	1	No. 8,284 . . .	3 & 4 Vic. c. 106 .	1	1,000
4	Mr. Hensley . .	5	No. 7,058 to 7,062	4 Vic. c. 19 . .	*	*
5	D. N. Henriques .	1	No. 8,283 . . .	3 & 4 Vic. c. 106 .	1	1,000
6	J. Lawford . . .	1	No. 8,445 . . .	,, ,,	1	1,000
7	Stone, Martin, & Co.	1	No. 7,102 . . .	4 Vic. c. 19 . .	1	1,000
8	James Anderson .	13	No. 8,388 to 8,400	3 & 4 Vic. c. 106 .	13	13,000
9	G. Fournier . .	1	No. 7,071 . . .	4 Vic. c. 19 . .	1	1,000
10	H. Maynard . .	1	No. 7,073 . . .	,, ,,	1	1,000
11	W. Townsend, for Lewis Levi . .	3	No. 8,437 to 8,439	3 & 4 Vic. c. 106 .	3	3,000
12	C. Sherman . .	15	No. 6,474 to 6,488	4 Vic. c. 19 . .	17	17,000
		2	Nos. 8,440, 8,441	3 & 4 Vic. c. 106 .		
13	J. P. Vickery . .	5	No. 6,416 to 6,420	4 Vic. c. 19 . .	5	5,000
14	T. Margrave, through G. Fournier. .	1	No. 8,403 . . .	3 & 4 Vic. c. 106 .	1	1,000
15	T. Browne. . .	2	Nos. 8,381, 8,382	,, ,,	2	2,000
		4	Nos. 8,386, 8,387	,, ,,		
16	Messrs. Price & Co.		Nos. 8,470, 8,471	,, ,,	26	26,000
		21	No. 7,910 to 7,930	,, ,,		
		1	No. 7,096. . .	4 Vic. c. 19 . .		
		2	Nos. 8,307, 8,308	3 & 4 Vic. c. 106 .		
		4	No. 7,052 to 7,055	4 Vic. c. 19 . .		
		1	No. 7,069 . . .	,, ,,		
		1	No. 7,067. . .	,, ,,		
		1	No. 7,097 . . .	,, ,,		
		10	No. 6,434 to 6,443	,, ,,		
		2	Nos. 8,401, 8,402	3 & 4 Vic. c. 106 .		
		2	Nos. 8,404, 8,405	,, ,,		
		4	No. 8,407 to 8,410	,, ,,		
Other Receipts	Bank of England	1	No. 7,070. . .	4 Vic. c. 19 . .		
		1	No. 7,098 . . .	,, ,,		
		1	No. 8,379. . .	3 & 4 Vic. c. 106 .	60	60,000
		1	No. 8,385 . . .	,, ,,		
		1	No. 8,406 . . .	,, ,,		
		5	No. 8,412 to 8,416	,, ,,		
		8	No. 8,429 to 8,436	,, ,,		
		6	No, 8,457 to 8,462	,, ,,		
		1	No. 8,411 . . .	,, ,,		
		1	No. 8,463 . . .	,, ,,		
		3	No. 8,304 to 8,306	,, ,,		
		1	No. 7,066 . . .	4 Vic. c. 19 . .		
		3	No. 7,099 to 7,101	,, ,,		
		3	No. 8,275 to 8,277	3 & 4 Vic. c. 106 .		
		12	No. 8,417 to 8,428	,, ,,		
	The Paymasters of Exchequer Bills	5	No. 7,058 to 7,062	4 Vic. c. 19 . .	33	33,000
		1	No. 7,072 . . .	,, ,,		
		2	Nos. 7,074, 7,075	,, ,,		
		3	No. 7,083 to 7,085	,, ,,		
		7	No. 7,087 to 7,093	,, ,,		
		5	No. 8,278 to 8,282	3 & 4 Vic. c. 106 .		
		3	No. 8,374 to 8,376	,, ,,		
		1	No. 8,446 . . .	,, ,,		
		1	No. 6,414 . . .	4 Vic. c. 19 . .		
	James Capel (Coutts and Co.) . . .	9	No. 6,424 to 6,432	,, ,,	51	51,000
		14	No. 6,446 to 6,459	,, ,,		
		9	No. 6,465 to 6,473	,, ,,		
		4	No. 6,489 to 6,492	,, ,,		
		1	No. 7,057 . . .	,, ,,		
		2	Nos. 7,063, 7,064	,, ,,		
		2	Nos. 7,094, 7,095	,, ,,		
					236	236,000

* £5,000 paid into the Bank of England as part of the Scrip, and included in the bills received by the Paymasters of Exchequer Bills.

A SIMILAR STATEMENT of Instruments presented on 27th October, 1841, and returned to the Parties with a Notification that they did not coincide with the Counterfoils.

Name of Party.	Numbers.		Act.	Total No.	Total Amount.
					£.
Sir Jas. Shaw, Bart.	3	No. 8,271 to 8,273			
	4	No. 8,300 „ 8,303			
	5	No. 8,314 „ 8,318			
	10	No. 8,354 „ 8,363	3 and 4 Vic. c. 106		
	3	No. 8,442 „ 8,444			
	9	No. 8,447 „ 8,455		40	40,000
	1	No. 8,456 . . .			
	5	No. 7,077 to 7,081	4 Vic. c. 19 . .		
Messrs. Ransom and Co.	15	No. 8,285 „ 8,299	3 and 4 Vic. c. 106	21	21,000
	6	No. 8,464 „ 8,469			
				61	61,000

A SIMILAR STATEMENT of Instruments reported by the Parties to the Comptroller-General, Duplicates of which have been verified as genuine.

Name of Party.	Numbers.		Act.	Total No.	Total Amount.
					£.
Commercial Bank of London . .	5	8,364 to 8,368 .	3 & 4 Vic. c. 106 .	10	10,000
	4	8,370 „ 8,373 .			
	1	7,103	4 Vic. c. 19 .		
H. Darvil, for Z. Nash . . .	1	7,076	. .	2	2,000
	1	7,082	4 Vic. c. 19 .		
J. W. Scott . .	1	8,380	3 & 4 Vic. c. 106 .	2	2,000
	1	7,056	4 Vic. c. 19 .		
				14	14,000

A STATEMENT of Instruments purporting to be Exchequer Bills for £1,000 each, deposited at the Treasury by Mr. De Berckem.

No. of Bills.	Numbers.	Amount.	Act.	
5	8,309 to 8,313 (inclusive). .			
30	8,324 „ 8,353.			
1	8,383	£1,000 each .	3 & 4 Vic. c. 106.	
1	6,415			
1	6,494			
10	6,404 to 6,413.			
1	6,433	£1,000 each .	4 Vic. c. 19.	
5	6,460 to 6,464.			

REPORT.

TO THE QUEEN'S MOST EXCELLENT MAJESTY.

WE, the Commissioners appointed by an Act passed in the 5th year of Your Majesty's reign, intituled "An Act for appointing Commissioners to inquire as to the issue, receipt, circulation, and possession of certain forged Exchequer Bills," humbly report to Your Majesty, in manner following, the evidence which we have taken and what we have found with respect to the several matters into which we are directed by the said Act of Parliament to inquire.

In our discharge of the duty committed to us, we have never ceased to bear in mind the importance of dispatch; but we have aimed with still greater anxiety at the complete elucidation of the subject on which we were engaged. While, therefore, we have allowed our progress to be retarded by no delays that it was possible to avoid, and kept it free even from the interruption that the pursuit of our ordinary duties would have occasioned, we have spared no pains in the exploration of facts; having examined altogether 160 witnesses (of whom many gave their evidence at great length,) and inspected the mercantile books by which the parties interested were required to support their statements, and superintended in several instances the preparation of tables calculated to illustrate the course of the transactions.

Finding much time necessarily consumed in occupations like these, we considered from time to time with great solicitude, how far it would be proper, with a view to the interests of particular claimants, to make certain of the cases before us the subject of a preliminary report, reserving the remainder for a subsequent occasion; but we came with regret to the conclusion that no arrangement of this kind could be usefully made. It appeared to us in reference to the ultimate objects contemplated by the legislature in appointing the Commission, and the nature of the questions that might hereafter grow out of it, that it would be unsatisfactory to state the case of any claimant, without at the same time adverting to such facts as tended to throw light on the merits of antecedent parties; and we found that there was no claimant whose case did not, in this point of view, involve that of some other person or persons whose transactions required much time for consideration.

While bent upon the full and effective performance of the whole duty we had to discharge, we endeavoured, at the same time, to confine ourselves with precision, to its proper limits. Upon the construction of the Act of Parliament we apprehended it to be obvious, that the question whether the instruments referred to us, were genuine or not, fell in no case within our province; both because the bills were described in the title of the Act of Parliament itself as "forged," and because with respect to all bills which the claimant was prepared to prove genuine, he had a right capable of being vindicated in the ordinary course of justice, and had no need to resort to our Commission. We also concluded without hesitation, that we were not called upon to investigate "the manner of the issue," of the Exchequer Bills mentioned in the Act of Parliament in any sense which would involve an inquiry into the nature of the official regulations of the Exchequer, or the manner in which those regulations had been observed. That inquiry had been already prosecuted under a former Commission, to whose Report no useful addition could have been made; and its result had been declared to be, that "it was in the absence of sufficient internal check, and the incompleteness of general supervision," (defects that had, for nearly a century, escaped observation,) that the late senior clerk, Mr. Beaumont Smith, had found opportunity for his recent frauds.[a]

Considering then "the manner of the issue" of the bills, as regarded the guilty parties themselves, and the subsequent "circulation, deposit, and possession" of

[a] Report of Commissioners appointed to inquire in what manner the Exchequer Bills had been made out and issued, &c., p. 11.

them, and "the case of every holder or owner," to be the only proper subjects for our inquiry, we proceeded first to the examination of some official persons, from whom it was at once ascertained, (the fact indeed being otherwise sufficiently notorious,) that no other officer except Beaumont Smith, had incurred any suspicion of being connected with the fraud, and from whom we also received such further explanations of a general kind, as were necessary for our subsequent guidance. We then examined in succession, the various parties whom we judged likely, from the notices in the Schedule, to be connected with the bills, as present claimants, prior holders, or otherwise; endeavouring to pursue our course continually from the claimants upwards, until we reached the original sources of the fraud; the result of which was that when we came to examine the earlier parties, we were able to check their evidence by the aid of the information previously obtained. At length arriving at that point where it became necessary to add the last link to the chain, we judged it, after some deliberation, desirable to obtain the testimony of Ernest Rapallo, the person who had been apprehended as a party to the forgeries, and discharged from prison, only in consequence of his consent to give evidence against his confederate, Beaumont Smith. On the service of our summons upon this person, at Calais, where we found him to be resident, he immediately obeyed it, (receiving only the assurance, that as far as the law might permit, we would endeavour to secure to him the usual immunities of a witness,) and on his attendance we obtained from him some particulars necessary to complete the general outline of the history of the fraud, with such account as he thought fit to give of the property acquired from it by the confederates; and received his consent to our examination of such remnants of that property as were still under his control in this country.[a] The tendency of his evidence was in some respects unfavourable to certain of the parties examined before us, but in general it did not bear against them more strongly than the statements received from themselves.

Throughout this series of inquiry, we were ourselves the only examiners; for though at the outset we made it known that all the parties interested were at liberty to avail themselves of professional assistance, none of them thought fit to employ counsel, or (with a single and unimportant exception,) to be attended by a solicitor; and it gives us pleasure to be able to add, that though the parties were thus brought into immediate contact with us, and had in many instances to sustain examination of a searching kind, and upon points tending to affect their personal character, they never failed to observe the most perfect propriety of demeanour, and always rendered with the greatest readiness, the accounts which we directed them to prepare.

It seems right further to remark that through the whole course of the investigation, which has been described, we were continually engaged in the search after evidence, as well as in its reception. For though we were indebted to Your Majesty's Government for the valuable assistance of Mr. Bush (who had been engaged, under Mr. Maule, in the prosecution of Smith and Rapallo, and suggested to us, from time to time, some important lines of inquiry), yet, in the main, we had to explore for ourselves the sources of information, and were frequently obliged to call a witness without being aware of the precise points to which he was competent to speak. This consideration will not only serve to account, in part, for the manner in which our time has been occupied, but will also explain why our examinations could not always pursue an unbroken and methodical course. Under such circumstances it naturally often happened that after a witness had been once examined, we had occasion to summon him again, and sift him further with regard to statements that had been in the mean time made by other witnesses, or statements made by himself, the importance of which had not been at first fully apparent.

In conducting the examinations, the peculiar character of the inquiry induced us also to swerve occasionally from the strict law of evidence, as applicable to the trial of issues arising in the common law courts. Thus we received, without hesitation, the statements of parties as witnesses in their own behalf; and where a correspondence was offered in evidence, for the purpose of explanation only, or with reference to points of subordinate importance, we deemed it proper to allow the party to put in copies of his own letters as made by himself, or his clerk, without producing, or proving any endeavour to procure, the originals. We con-

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[a] We have appended to the Report, a schedule of these, and of such other property (the produce of the fraud) as we have been enabled to trace.

ceived that to enforce the ordinary rule in such cases would tend to no useful object; and, on the other hand, might materially retard the progress of our inquiry. But any deviations from the strict course of proof were permitted with great caution; and, upon points immediately connected with the main subject of inquiry, we observed a greater rigour than on those of a collateral kind. Thus, in putting the claimants to show that they had given value for the bills, we were not satisfied with their own statement on oath, supported by their books, or even by the admission of the party to whom the payment was alleged to have been made, but called upon them to confirm it by such other proof as the case conveniently permitted: for example, where the payment was made through the medium of a bank, by the evidence of the banker's clerk who entered the transaction in his books.

Having now given the explanations which appeared to be material with respect to our course of proceeding, we shall, in the next place, submit to Your Majesty a general account of its results, so far at least as regards the principal circumstances connected with the fraud in question.

That fraud related exclusively to the species of Exchequer Bills called Supply Bills, which, as is well known, have been latterly issued from the Exchequer twice in every year, under the authority of successive Acts of Parliament. The periods of the issue are March and June; and each bill is either paid off or exchanged (at the option of the holder) at the office of the Paymasters of the Exchequer at the expiration of about a year from its date, the precise period for bringing them in with a view to such payment or exchange being first publicly advertised. It follows of course from this that there are two exchanges of Exchequer Bills in every year, the first in March and the second in June.

These instruments have a blank left for the name of the payee; and, except where that blank is filled up (which is rarely the case), they pass by mere delivery, like a bank-note, and, as in the case of a bank-note, the title of a person who gives valuable consideration for them, without notice or suspicion of fraud, is complete, although they should have been fraudulently obtained by the party from whom he receives them.

The bills of each successive issue are numbered in regular progression, and in no instance are there two in the same issue which bear the same number. They are also signed with the name of the Comptroller-General of the Exchequer (though that signature might, by the established custom which prevailed at the time of the fraud in question, be subscribed either by himself or by the Deputy Comptroller-General); and, as the principal check against forgery, it is the practice, in issuing these instruments, always to cut them from a counterfoil, by comparison with which their genuineness may at any time be ascertained.

The bills which are the subject of our inquiry under the Act of Parliament (being 377 in number, of which 365 are in the Schedule to the Act itself, and 12 have been referred to us since the Act passed) all purport to be bills of the description above stated, and all emanated, through E. Rapallo, from Beaumont Smith. The former is a foreigner, but was long resident in this country, and during that period, viz. from about the spring of 1836 to the middle of 1841, was in the habit of receiving from Smith (then senior clerk in the Issuing Office of the Exchequer) instruments purporting to be Exchequer Bills, for the purpose of raising money upon them. The bills now the subject of inquiry are of the number of those so received, and, being among the later issues, were still in circulation at the time of the discovery of the fraud; the remainder having (as it would seem) been all destroyed (after they had served their purpose) by the parties who issued them.

The bills so received from Smith were all (as confessed by him after his apprehension) forged; and upon his indictment for the forgery of some of them, he pleaded guilty to the charge, was convicted, and has since undergone the punishment of transportation. With respect to the particular bills now the subject of inquiry, (though, as already observed, we have no direct concern with the point of forgery), it may be proper to add, that all those enumerated in the Schedule to the Act of Parliament, as detained at the Exchequer, and also those which have been referred to us, since the Act passed, have been compared with the counterfoils, and found not to coincide with them;[a] that the Comptroller-General has also inspected the whole of the former class, and the late Deputy Comptroller a large number, and

[a] As to the comparison of those which have been referred to us since the Act passed see Q. 7741, 7742.

that both these officers have, on their examination before us, declared the signature not to be theirs.

The bills now the subject of inquiry all purport to be of the issues of March and June, 1841, and are made out, in every case, for the sum of 1000*l*. They are, as to the paper, stamp, and every other particular, genuine, with the exception only of the signature, and that is, in every instance, an imitation, more or less successful, of the signature of the late Deputy Comptroller-General.[a] We may stop, therefore, to remark here that it was almost impossible that any of these instruments should have awakened (so far as their external appearance was concerned) the suspicion of those to whom they were offered. We are directed by the Act of Parliament to report "whether the holders employed any and what means of inquiry into the genuineness of such documents;" and in obedience to this, we may here take occasion to state that though, when suspicion arose from collateral circumstances, the documents were in several instances carried up to the Exchequer for examination[b], about the time of the discovery of the fraud, yet in other cases (no suspicion being excited) the holders employed no means of inquiry into genuineness beyond that cursory inspection which was usual on receiving an Exchequer Bill. On the other hand, however, no inspection, though of the closest kind, would, in our opinion, have had any tendency to excite doubt as to the genuineness of the document.

Each of the bills in question is also a duplicate, agreeing in number, as well as other particulars, with some other bill; which last has, in many instances, been compared with the counterfoil, and in every such instance been found to coincide. All the other bills received from Smith were also (as there is ground to believe) duplicates; and the reason for so managing the forgery is evident, for an instrument bearing a wrong number was likely to encounter immediate detection, while, on the other hand, the danger of the alternative plan arose only in the event of duplicates happening to come into possession of the same party.

There were, however, other precautions to which it was equally necessary for the contrivers of the fraud to attend. In raising money on these instruments it was essential to abstain from *sale;* because when thus brought into general circulation, there would not only be a great risk of their falling into the hands of persons who had duplicates, but there was a certainty of their being carried at the regular periods of exchange to the office of the Paymasters, where the duplicates also would of course make their appearance, and lead infallibly to detection. The plan adopted, therefore, was to raise the money in every case by the deposit of the bill upon *loan*, and before the next period of exchange came round to redeem it by payment of the money, or to substitute for it another forged bill of more recent date. This method, it is true, made it necessary to repay in every case (sooner or later) the amount of the money procured, as well as to pay the interest due upon the loan; but the advantage in the meantime derived was the present use of large sums of money, which the confederates endeavoured to employ with advantage in extensive speculations in the stock market, actuated probably by the hope of realizing (after the repayment of every loan) large fortunes in the result.

In carrying this scheme into effect the mode of operation was as follows:—At the commencement of the transactions, and for some years afterwards, Rapallo delivered over the bills received from B. Smith to Angelo Solari, another foreigner resident in this country, between whom and Rapallo there had existed long previously some connection; and Solari performed the service of raising money upon the bills. This he effected in part through connections formed by the assistance of Messrs. William and James Morgan, stockbrokers. They introduced him (at a time when their own acquaintance with him, according to their evidence, was but slight and recent[c]) to the banking-houses of Messrs. Ransom and Co., and Jones Loyd and Co.;[d] and from the former he obtained large sums of money from time to time on the deposit of bills purporting to be Exchequer Bills, but which, in fact, had been received from Smith. He obtained, besides, similar loans from Messrs. Price and Co., bankers; but the precise medium of his introduction to them does not appear.[e] He formed, also, about the same

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[a] Minutes of Evidence, Q. 235.

[b] The parties under examination, refer in their evidence to a great many instances in which this took place, and in which the bills (chiefly because examined by Smith himself at the Issuing Office) were pronounced good. But we think it unnecessary to report on this part of the case, which is merely collateral to the main subject of inquiry.

[c] Q. 6129, 6132. [d] Q. 6142. [e] Q. 7405.

period, a connection with Messrs. William and James Morgan themselves; in the course of which he obtained, through their agency as brokers, very numerous, frequent, and large advances, the dates and amounts of which, and the average rates of interest charged by the lenders, (exclusive of any commission to Messrs. William and James Morgan,) are set forth in the Account, pp. 315 to 321. The nature of these dealings (which are explained at large in the evidence of Mr. W. Morgan, Mr. E. Morgan, and Mr. Cook, pp. 339 to 355) may be compendiously stated as follows:—Solari brought them from time to time instruments purporting to be Exchequer Bills, (but, in fact, received from Smith;) and on the deposit of these in their own names, as the apparent borrowers, (according to the usual custom of stockbrokers employed to procure loans,) they obtained large sums of money, out of which, as from time to time directed by Solari, they purchased for him foreign bonds or shares, or paid losses incurred by him in the stock market. They also, from time to time, paid over to him large sums of money, and paid off the principal and interest which became due on the loans; and received from him, on the other hand, large sums of money, and sold foreign bonds for him, and credited the same in his account. For these services they charged the usual commission or brokerage, so far as the stock transactions were concerned, and were entitled by agreement, as Mr. W. Morgan asserts,[a] to have also received a commission on the loans; but this latter commission was, in point of fact, never charged or paid, owing, as he alleges, from a laxity in the mode of carrying on the account.[b] These dealings lasted until the death of Solari, which took place in October, 1840, after which Rapallo himself (who had previously done business with Messrs. W. and J. Morgan for some time as Solari's deputy during his illness[c]) was introduced to them by his widow and executrix as her friend, whom she wished to continue the transactions carried on by her husband;[d] and between Rapallo, as her agent, and Messrs. W. and J. Morgan, the same course of dealing was from that time accordingly pursued that has been already described in relation to Solari, and it terminated only on the public discovery of the fraud, which took place, as hereafter more particularly stated, in October, 1841. During the whole of these transactions with Solari and Rapallo, Messrs. W. and J. Morgan profess themselves to have had no knowledge whatever (beyond the slight introduction of Solari above noticed) of the mode of life, property, or connexions, of either of these parties,[e] and to have received no specific account from them of the person or persons for whom they were acting;[f] though it is stated by Mr. W. Morgan[g] that he was told at the outset by Solari that "he had a friend who was a large capitalist, and who would lend him money." They also admit that they were never employed either by Solari or Rapallo to buy or to sell an Exchequer Bill;[h] and allege that they themselves believed the whole of the bills on which the loans were obtained to belong to the rich friend of whom Solari had spoken, but of whose name they were never informed.[i] This latter statement of course implies that they also believed the confidence reposed in Solari by his rich friend to have been transferred, upon his death, to his widow; for they profess to have considered Rapallo as having always acted in the capacity of her agent only.[k]

Messrs. W. and J. Morgan, however, were not the only parties with whom Solari and Rapallo carried on this kind of connexion. They had a similar account with Mr. Wm. Mariner, who held at the time, the situation of secretary to the National Brazilian Mining Company;[l] and who had done business at a former period on the Stock Exchange.[m] Mr. Mariner having some acquaintance, as he states, with Solari, (though without knowledge of his pursuits, except that he had speculations in the funds,[n]) applied to him, as he alleges, for part of his brokerage business, and was accordingly employed by him, from April, 1838, to obtain loans on the deposit of Exchequer Bills;[o] and Mr. Mariner accordingly entered into arrangement on the subject with Mr. F. T. De Berckem, a stock broker and member of the Stock Exchange,[p] by whose intervention (as agent nominally for Mr. Mariner, but with knowledge that the latter was employed by

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[a] Q. 6081, 6090, 6093.
[b] Q. 6099, 6119.
[c] Q. 6156.
[d] Ibid.
[e] Q. 6138, 6139, 6148, and see Q. 5403, 5405, 5407.
[f] Q. 6137, 6161, 6162.
[g] Q. 6132.
[h] Q. 6164.
[i] Q. 6162.
[k] Q. 6159, 6246, and see 5408, 5409, 6997.
[l] Q. 4895.
[m] Ibid, and Q. 5041.
[n] Q. 5051.
[o] Q. 5038 5056.
[p] Q. 5058.

Solari and Rapallo,)[a] all the loans were procured, Mr. Mariner and Mr. De Berckem dividing the remuneration (which was at the regular and customary rate of half per cent per annum) between them.[b] Through this channel, in addition to that of Messrs. W. and J. Morgan, Solari, and (after him) Rapallo, succeeded in depositing from time to time, with different parties, large masses of the bills received from Smith; and conducted at the same time, through the same medium, extensive speculations by way of purchase and otherwise, in the stock and share market. The nature of all these dealings will be fully collected from the Accounts, pp. 356 to 358, and 417 to4 25, and Mayo's evidence, pp. 325 to 329; but they are so similar to those which have been already described, in the case of Messrs. Wm. and James Morgan, that to dwell upon them longer in this place, would only lead to wearisome repetition. The most material points of difference seem to be, that Messrs. Mariner and De Berckem charged commission on the Exchequer Bill loans, as well as on the stock transactions;[c] and that though they profess to have known nothing of Solari, except as above stated, nor of Rapallo, except as the agent of Solari,[d] they represent the former as giving a somewhat more specific account of his position, than he is stated to have done to Messrs. W. and J. Morgan, and to have asserted that he was "connected with parties in Madrid and Paris, who were carrying on a large speculation in Spanish and other stocks."[e] Messrs. Mariner and De Berckem admit, however, that they were never employed in any instance, by Solari or Rapallo, to sell an Exchequer Bill;[f] and that they never received any information as to the manner in which the bills deposited were procured.[g]

These transactions of the confederates with Messrs. W. and J. Morgan on the one hand, and Messrs. Mariner and De Berckem on the other, would appear to have constituted the principal means by which they carried the fraud into effect. We find that the advances procured by Messrs. W. and J. Morgan, amounted in the aggregate from first to last, to about 420,000*l.*[h] and those by Messrs. Mariner and De Berckem to about 465,000*l.*,[i] and that there were bills in the hands of these parties or their depositaries, at one and the same period of time (namely, at the discovery of the fraud) to the amount of 330,000*l.*; of which bills to the amount of 161,000*l.* had come from Rapallo, to the hands of W. and J. Morgan, and bills to the amount of 169,000*l.* to those of Messrs. Mariner and De Berckem.[k]

It is also important to remark that among the transactions to which the 161,000*l.* relates, there is one which involved deposits to a very large amount *simultaneously;* for it appears on the evidence of Mr. Wm. Morgan, that on 13th October, 1841, Rapallo being then indebted to him, in the amount of 70,000*l.* and upwards, applied to him for further advances, to the extent of 60,000*l.* more; which Mr. Morgan consented to procure, and in fact procured accordingly.[l] There is, however, no proof that Messrs. W. and J. Morgan and Messrs. Mariner and De Berckem, though both so largely concerned with bills proceeding from the same source, had, as regards those bills, any knowledge of, or connexion with, each other.

The evidence before us contains many additional particulars with respect to the parties just mentioned, which deserve to be well considered, but which cannot be properly appreciated without perusal of the examinations.[m] There are, however, certain circumstances which occurred in the course of their transactions respectively, to which we think it right to invite attention in this place.

First, it occurred with respect both to Messrs. W. and J. Morgan and to Messrs. Mariner and De Berckem, some considerable time before the public discovery of the forgeries, to have bills placed in their hands respectively, by Rapallo, bearing a wrong rate of interest; and Mr. W. Morgan admits that he became aware (in his own case) of the fact, being informed of it some time after its occurrence by his clerk; but states that he did not consider it as a circumstance of suspicion.[n] In the case of Messrs. Mariner and De Berckem it also appears that the fact was communicated to both those parties;[o] but Mr. De Berckem's clerk (Mr. Mayo)

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[a] Q. 4995, 4999. [b] Q. 5076, 5681. [c] Q. 5507, 5515.
[d] Q. 5658, 5659. [e] Q. 5081, 4897. [f] Q. 5071, 5113, 5114.
[g] Q. 4979, 5082. [h] See Account B. p. 315, 321. [i] See Account F. (1), p. 422.
[k] See the same Accounts; and the Table annexed to this Report, exhibiting the course of the circulation of the bills. [l] Q. 6188, 6196. Account, p. 321.
[m] See particularly the Examinations at pp. 343, 399, 410, 290, 329, 363, 297, 361, 405, 420, 436.
[n] Q. 7031. [o] Q. 7083, 7092, 6348.

who discovered it, had a conversation on the subject with other persons, the particulars of which are stated in the evidence,[a] and which may have had the effect, very naturally, of leading both the clerk and his employer, to consider the circumstance as immaterial. As to Mr. Mariner, he states a conversation between himself and Rapallo on the subject; and that in answer to his own observation that it was "a very curious thing,"[b] Rapallo remarked that "they often make mistakes up at the office." He asserts, however, that he conceived no suspicion or dissatisfaction at the circumstance.[c] On the other hand it is alleged by Rapallo, that Mr. Mariner was "in a very great rage" on this occasion, and wanted to write to the Chancellor of the Exchequer to complain of it as an official irregularity, but that he was prevailed upon not to do so, by a representation which Rapallo made him that he "might be deprived of the agency if there was any stir about it."[d] The manner in which this statement is met by Mr. Mariner, will appear in his examination Q. 7085—7098.

Another circumstance which occurred in the course of the transactions of Messrs. Mariner and De Berckem, was as follows. Some of the bills received from Mr. Mariner had been deposited by Mr. De Berckem, with Messrs. Bennison and Lennard, as security for money advanced by the latter; and on the expiration of the loan, in the latter end of 1840, or beginning of 1841, he received back (as was supposed) the same bills he had left in deposit; but after a short period, he discovered that eleven of them were different bills from those that had been deposited (though agreeing in dates and amount) the substitution having been made by mistake. Upon this discovery, he reclaimed the original bills from Messrs. Bennison and Lennard, but they were not in a condition to return them, having in the meantime passed them away by inadvertence, to another party, Mr. Cutting. Mr. De Berckem upon this applied to Mr. Cutting, but found that he had negociated them in his turn, to a party by whom they had been sold. Mr. De Berckem then conferred on the subject, with his brother, Henry De Berckem, (who occasionally assisted him in business,) and expressed his anxiety to recover the bills; and upon the suggestion of the latter, that it was possible to trace them out, requested him to do so, and promised to remunerate him for his trouble. Mr. H. De Berckem accordingly undertook the search, and with great difficulty, succeeded; and received from Mr. De Berckem for this service the sum of 50*l.* which was charged in account to Mr. Mariner, and by him charged in turn to Rapallo. A further statement of these circumstances will be found at Q. 2537, 2762, 3150, 5821, 5597, 5831; the explanation given by De Berckem at Q. 5788, 5789; and that by Mariner, Q. 6336. It may, perhaps, be material to remark, that at the time of the recovery of these bills the period for their exchange was close at hand, and that they had been actually advertised.

We may now pass from the manner in which the fraud was carried on to the circumstances which attended its discovery. On the 19th October, 1841, Mr. De Berckem employed a person to borrow 10,000*l.* for him, on the deposit of Exchequer Bills for three months, at 6 per cent.[e]; and this appeared so remarkable in all its circumstances to a member of the Stock Exchange, to whom application was made for the loan, and who had just lent money on a similar deposit at 4 per cent., that he conferred upon it with several parties, and after reflecting on the whole that had come to his knowledge, thought it right to enter into communication on the subject with the Chancellor of the Exchequer.[f] This led to further inquiry, and to the discovery that certain bills deposited by Mr. De Berckem on loan in 1839 (and of which the numbers had been preserved by the lender) were forgeries.[g] Under these circumstances, Mr. De Berckem was sent for by the Chancellor of the Exchequer, and gave up some of the bills then in his hands; and these being ascertained, by comparison with the counterfoils, to be forged, Mr. Smith was, on the 25th October following, taken into custody;[h] from which period it may consequently be considered that the existence of the fraud became fully known to the public,

On the 29th October following an official advertisement was published, announcing that bills sent into the Exchequer would there be examined with their counterfoils,

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[a] Q. 7074. [b] Q. 6349. [c] Q. 6351. [d] Q. 6512, 6513.
[e] Q. 3967. Mr. De Berckem, however, states that he does not recollect to have authorized this rate of interest, Q. 5751.
[f] Q. 6572. [g] Q. 107, 3424. [h] Q. 107.

in order to ascertain their genuineness. A large portion of the forged bills were, in compliance with this notice, sent in, and examined, and detained as not agreeing with the counterfoils. Others were kept back by the holders, under circumstances which appear in the correspondence set forth in various parts of the evidence; but to this subject we do not feel it necessary to advert more particularly, there being in our opinion (formed upon mature consideration of the evidence) no reason for imputing any improper motive to these parties, however questionable their course may have been in point of discretion.

Other portions of the forged bills had, prior to the notice in the Gazette, but after the fraud had in some measure become public, been carried in to the Bank of England to be funded, there happening to be at that time a funding of Exchequer Bills in operation; and it appears that almost the whole of the forged bills so dealt with were sent in by persons who by that time had had reason to entertain doubts of their genuineness, having regard to the quarter from whence they came. This carries with it, on the first impression, an unfavourable aspect; but, after taking much pains to probe the matter, we are fully convinced, upon the evidence, that the parties taking this course were conscious of no impropriety in the proceeding. There was no other mode, until the next exchange, in March, of tendering the documents to Your Majesty's Government for payment; and they conceived themselves to have a right, under such circumstances, to avail themselves of the opportunity of making the tender in that way. As to the result of the experiment, it varied according to the period of time at which the bill was brought into the Bank. In the afternoon of the 27th October a letter had been received by the Deputy Governor from the Chancellor of the Exchequer, suggesting that more than common vigilance should be used with regard to any Exchequer Bills that might be presented; and, in compliance with this intimation, all bills brought in after the 27th were detained and sent up to the Exchequer for inspection, so that the operation of funding, with respect to the forged bills, was in every case ultimately suspended. But from the 23rd to the 27th, inclusive, such forged bills as were presented were actually received by the Bank, and converted into stock in the usual course; and being afterwards sent up to the Paymaster's Office (as the law requires), were there also accepted as genuine, the Bank receiving from the Paymasters the discharge usually given in such cases. In every instance, however, in which stock was thus obtained, a letter has been since sent by the Bank of England, to the party who funded the bill, apprising him that it would not be received in payment of his subscription.

Having thus endeavoured to lay before Your Majesty, in a summary but comprehensive form, the general history of the fraud in question, we shall devote the remainder of our Report to the specific consideration of the several bills which are the subject of the present inquiry, and of the cases of their respective holders. And first, we have to remark that the great majority of these bills are the subjects of claim (so far, at least, as forged instruments are capable of being so considered), that is, there are persons who claim to hold them either as their absolute property, or as securities for money advanced; but that there are other bills which no person now claims to hold, though some mention has been made of expenses incurred by the party in whose possession they were found, and of his intention to memorialize Your Majesty's Treasury on that subject.[a] We shall advert, in the first place, and principally, to the former class of bills, and shall trace each bill, or set of bills (as the case may be), in a retrospective series, commencing with the claimant and ending with Rapallo; and shall at the same time state the circumstances under which each successive holder came to the possession—subject to exception, however, in the case of the earlier holders, viz., Rapallo, William and James Morgan, William Mariner, and F. T. De Berckem—the circumstances under which these several parties came to the possession of the bills which they respectively negotiated having been already explained as far as the purpose now in view requires.

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[a] Q. 5611.

Case I.

Nos. 6495—6497: (3 Bills.)[a]

Claimants.—Messrs. Bell and Steward.

Series of Holders.

1. *Bell and Steward.*
2. *John William Cook.*
3. *Edward Lloyd Morgan.*
4. *Harry Tomkins.*
5. *F. T. De Berckem.*
6. *William Mariner.*
7. *E. Rapallo.*

Case I.

Claimants.—Messrs. Bell and Steward.

See the Evidence of Mr. Bell, p. 35. Mr. Steward, p. 25.

Alfred Bell and Samuel Steward, solicitors, in Lincoln's-inn-fields, carrying on business under the firm of Bell and Steward, having occasion to lay out 3000*l.* in Exchequer Bills, gave an order for that purpose on 21st October, 1841, to Mr. John William Cook, the agent whom they had for several years been in the habit of employing in such business.

Mr. Cook was at this time clerk to Messrs. William and James Morgan, but was allowed by them to do business on his own account with his own friends and connexions, and it was on such his private account that he was always employed by Messrs. Bell and Steward. Mr. Cook not being himself a member of the Stock Exchange executed their order through Mr. E. L. Morgan, son of Mr. William Morgan, Mr. E. L. Morgan being a member of the Stock Exchange, and in the habit of transacting business there for the firm of Messrs. W. and J. Morgan, and also for Mr. Cook, in such transactions as he had on his own account.

Mr. E. L. Morgan, in execution of the order from Mr. Cook, and on Mr. Cook's private account, purchased the three bills in question on the 22d of October, 1841, in the market on the Stock Exchange, from Mr. Harry Tomkins, stockbroker and agent for shares, who received, as the consideration for such sale, the sum of 3052*l.* 10*s.*, viz. 3000*l.* for the bills, 36*l.* for interest, and 16*l.* 10*s.* for premium, at 11*s.* per cent., all which charges were respectively correct (supposing the bills to be genuine), and according to the current price of the day.

Mr. Tomkins had received these bills on the same day from Mr. F. T. De Berckem, for whom he had been in the habit since 7th December, 1840, of procuring money on loan, secured by deposits of Exchequer Bills, (or instruments purporting to be such,) the nature of the dealing between these parties (which was according to the usual course of business,) being as follows: that Mr. Tomkins borrowed the money, in his own name, (without mention of Mr. De Berckem,) depositing for that purpose the bills, which he had previously received from Mr. De Berckem; while on the other hand he charged Mr. De Berckem as on a loan from himself (Mr. Tomkins), secured by a deposit of the same bills, but with a difference of interest in his own favour at the rate of half per cent. per annum. On the particular occasion now referred to, Mr. Tomkins had received the bills in question from Mr. F. T. De Berckem, (together with other documents purporting to be Exchequer Bills,) in order that they might be sold in the market, to raise a sum of money required for the redemption of bills deposited with the Bank of England, as security for a loan procured there in the course of the transactions that had taken place between him and Mr. De Berckem, as above stated.

Mr. Cook having received the bills so purchased, handed them over, on the same day, to Messrs. Bell and Steward, without informing them of whom the purchase was made, and charged them with the sum of 3054*l.*, being the same amount as paid to Mr. Tomkins, with the addition of 30*s.* due to Mr. Cook for his commission, which sum of 3054*l.* was forthwith paid to him by Messrs. Bell and Steward. And they remained in possession of the bills until the public discovery of the fraud.

[a] Entered in the Schedule to the Act of Parliament, under the name Samuel Steward.

Case II.

Nos. 7065, 8284, 8388—8400: 15 Bills.[a]

Claimant.—Major James Anderson.

Series of Holders.

1. *James Anderson.* | 2. *Messrs. W. and J. Morgan.* 3. *E. Rapallo.*

Case II. *Claimant.*—Major J. Anderson. See the Evidence of Major Anderson, p. 93.

James Anderson, Esq., magistrate for Essex and Middlesex, and major in the East Essex Regiment of Militia, happening to meet Mr. J. W. Cook (referred to in Case I.), with whom he was personally acquainted, was informed by him that if he (Major Anderson) had money unemployed, it might be lent for him on the security of Exchequer Bills, at 4½ per cent., for a period of six months. Major Anderson having at that time 15,000*l.* lying in a bank in Scotland at the interest of 4 per cent. only, determined to avail himself of this suggestion.

On the 10th of April, 1841, he accordingly handed over 15,000*l.* to Mr. Cook, receiving from him at the same time 15 instruments, purporting to be Exchequer Bills, for 1000*l.* each; and also receiving from him the following note of the transaction:—"Lent for Major James Anderson the sum of 15,000*l.* on the security of 15,000*l.* Exchequer Bills, at 4½ per cent., till 10th October, 1841.—J. W. Cook, Pope Head's Alley, 10th April, 1841." The bills so delivered by Mr. Cook had been obtained by him from Messrs. W. and J. Morgan, to whom he also paid over the 15,000*l.*, they thus becoming the principals in the transaction, and Mr. Cook, in effect, their agent only. But Major Anderson was not aware until the discovery of the fraud from whom these or any other of the bills hereafter mentioned had been obtained by Mr. Cook, or who was the borrower of the money thereon advanced.

A few days afterwards, Major Anderson having occasion for money, and not supposing it necessary to return the identical instruments deposited, gave an order to Messrs. C. and H. MacRae, his brokers, (without consulting Mr. Cook on the subject,) to sell No. 8284, one of the bills now in question, which they accordingly did on the 15th of April following, and handed him the proceeds, consisting of 503*l.* 19*s.* and an Exchequer Bill for 500*l.* The purchasers from Messrs. C. and H. MacRae were Messrs. Cooper and Co., who afterwards sold the bill to Messrs. Knight and Co., who sold it to Messrs. C. and T. Brown, who sold it to Messrs. Cole and Mullens, in whose hands it remained at the time of the public discovery of the forgeries, when it was found not to coincide with the counterfoil. Upon this, Messrs. Cole and Mullens, and, after them, each of the purchasers above named, in succession, demanded and obtained from their immediate vendors a return of the purchase-money paid, with such interest as would have been due on the bill supposing it to have been genuine. And the sum which Messrs. C. and H. MacRae, as the first vendors, were thus obliged to pay (amounting to 1051*l.* 8*s.* 3*d.*) they have since received from Major Anderson, who consequently becomes claimant on the bill.

On 27th May, 1841, Major Anderson proposed to Mr. Cook to give up to him one of the remaining Numbers for an Exchequer Bill of the amount of 500*l.*, and 500*l.* in money, which transaction accordingly took place.

On the 7th June, 1841, (the time for the June exchange of Exchequer Bills having arrived,) Major Anderson received from Mr. Cook, in exchange for the 13 bills which he had still in his possession, Nos. 8388—8400, (part of the bills now in question,) which Numbers had been obtained by Mr. Cook, as clerk of Messrs. W. and J. Morgan, from Rapallo, and these bills remained in the hands of Major Anderson until the public discovery of the fraud.

On the 16th September, 1841, Major Anderson inquired of Mr. Cook whether the party who had borrowed the money was willing to continue the loan on the same terms, and the answer being in the affirmative, the loan was accordingly, on 21st September, 1841, renewed until 10th April, 1842, at the same rate of 4½ per cent.

On the 10th October following, a sum of money being due to Major Anderson for interest on the loan, he provided Mr. Cook with money to the amount of the

[a] No. 7065 is entered in the Schedule to the Act of Parliament, under the name of Chief Cashier; No. 8284, under the head of Benjamin Cole; No. 8388—8400, under the name of James Anderson.

difference between that sum and 1000*l.*, and requested him to lend out the latter amount for him (Major Anderson) upon the same terms as before. Mr. Cook, in execution of this order, handed over the money on the 12th and 16th October, 1841, before the public discovery of the fraud, to Messrs. W. and J. Morgan, and about the 28th October following (being after the public discovery of the fraud,) made an entry in his books, by consent of Messrs. W. and J. Morgan, appropriating to the account of Major Anderson the remaining bill now in question, viz., No. 7065, which at the time of such appropriation had been lying in Mr. Cook's hands since the 21st day of October then last, (when the fraud was still undiscovered,) among other similar bills deposited by Rapallo with Messrs. W. and J. Morgan for the purpose of raising money upon them, and which Mr. Cook, as their clerk, had in his possession accordingly. But Major Anderson never in fact obtained possession of this bill, Mr. Cook having, afterwards, without his authority, handed it over (with other bills) to Mr. Squire, partner in the house of Ransom and Co., on account of a debt due to that house from Rapallo; and Mr. Squire (who was not aware of the claim of Major Anderson to the instrument) tendered it to the Bank of England for funding; when it was sent up to the Comptroller-General's office for examination, and being found not to agree with the counterfoil, was detained.

Under these circumstances Major Anderson makes claim to the whole of the bills in question.

Case III.

Nos. 7057, 7063, 7064, 7058—7062, 8445, 8446: 10 Bills.[a]

Claimants.—Messrs. Currie and Co. and Mr. Henry Currie.

Series of Holders.

1. *Messrs. Currie and Co.*
2. *John Mollett.*
3. *William May Simonds.*
4. *F. T. De Berckem.*
5. *William Mariner.*
6. *E. Rapallo.*

Case III.

Claimants.—Messrs. Currie and Co., and Mr. Henry Currie.

See the Evidence of Mr. Currie, pp 144, 147, 196.

In January, 1841, Mr. John Mollett, merchant and agent for the house of Steiglitz, at St. Petersburgh, laid out 13,000*l.*, the monies of that house, by lending the same to Mr. Simonds, a broker in the Russian trade, at 5½ per cent. per annum for a fortnight, secured by a deposit of 13 instruments purporting to be Exchequer Bills for 1000*l.* each, which loan was afterwards from time to time continued at 5 per cent., but in other respects on the same terms.

These instruments had been received by Mr. Simonds from Mr. De Berckem, the former acting as broker for the latter in this transaction, and receiving a difference of interest at the rate of half per cent. per annum by way of commission; and the fact that the money was borrowed for Mr. De Berckem was communicated to Mr. Mollett at the time, and Mr. Mollett ultimately adopted Mr. De Berckem as the party responsible to him for repayment. Previous to this transaction, Mr. Mollett had had frequent dealings with Mr. Simonds, and was personally acquainted with Mr. De Berckem, but had had no dealings with the latter. Mr. Simonds also was personally acquainted with Mr. De Berckem, but there had been no previous dealings between them.

In April and May, 1841, Mr. Mollett obtained advances of money in his own name from Messrs. Currie and Co., bankers, amounting altogether to the sum of 13,000*l.*; and the advances were at 4½ and 5 per cent., subject to recal on one day's notice by either party, and were secured by a deposit in his own name, of the same bills which had been received through Mr. Simonds from Mr. De Berckem. Of these advances, 9000*l.* was in the June following paid off, Mr. Mollett at the same time obtaining a new advance from Mr. Henry Currie on his separate account, of 6000*l.*, at 5 per cent., subject to recal as above stated; and

[a] Nos. 7057, 7063, 7064, 8446, are entered in the Schedule to the Act of Parliament, under the head of James Capel. Nos. 7058—7062, under the head of Paymasters, and also under the name of Mr. Hensley. No. 8445, under the head of James Lawford.

for his security leaving in deposit with the firm six of the instruments above-mentioned—so that 10 bills then remained on deposit with Messrs. Currie and Co. on the joint and several account.

On 7th June, 1841, (the period for the June exchanges of Exchequer Bills being then arrived,) Mr. Mollett retired two of the 10 bills, and replaced them by Nos. 8445 and 8446, (part of those now in question,) and afterwards, on the 24th June following, retired the other eight and replaced them by Nos. 7057—7064, (the remainder of those now in question;) the numbers thus delivered in lieu of the former ones having been received for the purpose by Mr. Mollett for Mr. Simonds, and by Mr. Simonds from Mr. De Berckem. The 24th of June, on which the last substitution took place, was after the period allowed for the exchange of June bills at the paymaster's office; and it appears that, before that period had elapsed, an inquiry had been made by Messrs. Currie and Co. of Mr. Mollett whether they should themselves send up the bills, and upon this inquiry being transmitted to Mr. De Berckem through Mr. Simonds, the proposal had been declined by Mr. De Berckem; in consequence of which, Mr. Simonds had informed Mr. Mollett that it was not necessary to send the bills up, who had returned an answer to the same effect to Messrs. Currie and Co. But upon the examination of the several parties (to which we refer), we are satisfied that these circumstances excited no suspicion at the time, in the mind of Messrs. Currie and Co., or of Mr. Mollett, or of Mr. Simonds.

On the 24th October, 1841, Messrs. Currie and Co. applied to Mr. Mollett for repayment, when he requested them to sell the bills in their hands. Mr. Adam Hilton, their broker, accordingly sold by their direction five of the bills (Nos. 7058—7062) to Mr. Isaac Hensley, of the Stock Exchange, and five of them (Nos. 7057, 7063, 7064, 8445, 8446) to William Scott and Son, of the Stock Exchange; all parties being at the time aware that rumours had begun to prevail that there were Exchequer Bills improperly in circulation, but the purchasers relying on the respectability of Messrs. Currie and Co. as a sufficient guarantee of the bills in question. The bills purchased by Mr. Hensley remained in his hands until the public discovery of the fraud, when the same being found not to coincide with the counterfoils, he claimed and received back from Messrs. Currie and Co. the amount of the purchase-money,[a] 5086*l.* 17*s.* 6*d.* The bills purchased by W. Scott and Son were re-sold by them to other parties, four of them to James Capel, as broker to Messrs. Coutts and Co., and the other to Messrs. Thomas and Co.; and these also being found not to coincide with the counterfoils, were returned by the purchasers in succession, upon Messrs. Currie and Co., who have consequently refunded to W. Scott and Son the amount of the purchase-money, 5104*l.* 6*s.* 3*d.*

Under these circumstances Messrs. Currie and Co. and Mr. Henry Currie, become respectively claimants on the whole of the bills in question.

Case IV.

No. 8283: 1 Bill.[b]

Claimant.—David Neves Henriques, Esq.

Series of Holders.

1. *D. N. Henriques.*
2. *Harry Tomkins.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case IV.
Claimant.—David Neves Henriques, Esq.
See the Evidence of Mr. Henriques, p. 47.

D. N. Henriques, Esq., formerly a merchant in Jamaica, but of late resident in England, wishing to invest 1000*l.* for a temporary purpose in the purchase of an Exchequer Bill, communicated this on the 21st April, 1841, to Mr. Harry Tomkins, (referred to in Case I.,) whom he had been in the habit of employing as

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[a] Mr. Hensley on 26th October, funded his bills, but on receiving notice that they did not agree with the counterfoils, he made this claim on Messrs. Currie, and paid again for his stock out of the money received from them.

[b] Entered in the Schedule to the Act of Parliament under the name D. N. Henriques.

his stockbroker. Mr. Tomkins informed him that the premium was then 15*s.* per cent., and this being higher than suited the object of Mr. Henriques, he declined making the purchase. Mr. Tomkins then stated that he thought Mr. Henriques could accomplish all he desired, by lending out the money on an Exchequer Bill for a month, with power to call it in at the expiration of that period at one day's notice, and said that he would himself take the loan on those terms, paying interest at the rate of 4 per cent. per annum. To this suggestion Mr. Henriques acceded; and, in pursuance of it, handed over to him on the same day the sum of 1000*l.*, receiving from him on the other hand a deposit of the bill in question, which remained in the hands of Mr Henriques until the public discovery of the fraud.

This bill had been originally deposited with Mr. Tomkins by Mr. De Berckem, in the course of the transactions between those parties described in Case I., and is comprised in the accounts of those transactions, set forth at pp. 292 and 356. It was afterwards deposited by Mr. Tomkins with Messrs. Stone, Martin, and Co., bankers, being one of a considerable number of instruments purporting to be Exchequer Bills, on which he from time to time procured loans from them in his own name, but on behalf of Mr. De Berckem, (an account of which loans will be found in the evidence of Mr. Dobson, p. 76,) and it was redeemed from that bank by Mr. Tomkins, for the purpose of the deposit with Mr. Henriques above-mentioned.

Case V.

No. 7102: 1 Bill.[a]

Claimant.—Mr. Thomas Boys.

Series of Holders.

1. *Thomas Boys.*
2. *William Dobson.*
3. *Harry Tomkins.*
4. *F. T. De Berckem.*
5. *William Mariner.*
6. *E. Rapallo.*

Case V.
Claimant.—
Mr. Thomas Boys.
See the Evidence of Mr. Boys, p. 72.

Mr. Thomas Boys, clerk in the house of Messrs. Baring, Brothers, and Co., having 1000*l.* disengaged, appled to William Dobson, chief cashier in the house of Messrs. Stone, Martin, and Co., for his advice as to its employment for a short period. Mr. Dobson said that he had recently lent the same amount on the security of an Exchequer Bill, and that he had no doubt he could procure a borrower of Mr. Boys's money on similar security, at the interest of 4 per cent. per annum. Mr. Boys acceded to this proposal, and in pursuance of it he soon afterwards, viz., 14th October, 1841, handed over to Mr. Dobson the 1000*l.* and received from him the bill in question as a security for the repayment of that sum, with interest at 4 per cent., the money to be repaid at one day's notice by either of the parties. The bill remained in Mr. Boys's hands until the public discovery of the forgeries.

The name of the borrower was not stated by Mr. Dobson, but he had in fact made the loan to Mr. Tomkins, (referred to in Case I.,) with whom he was well acquainted; and Mr. Tomkins had borrowed the money in his own name, but on account of Mr. De Berckem, obtaining a deposit of the bill from the latter, in the course of those transactions with him that are stated in Case I.—(See the Accounts set forth at pp. 292 and 356.)

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[a] Entered in the Schedule to the Act of Parliament under the head of Stone, Martin, and Co.

Case VI.

Nos. 7067, 7069, 7071, 7097, 8411, 8463 . . .	6 Bills.[a]
Nos. 8304—8306	3 Bills.[a]
Total . .	9

Claimants.—Messrs. R. and W. Hichens and Harrison.

Series of Holders, as to first Set.

1. *R. and W. Hichens and Harrison.*
2. *E. L. Morgan.*
3. *William and James Morgan.*
4. *E. Rapallo.*

Series of Holders, as to second Set.

1. *R. and W. Hichens and Harrison.*
2. *J. Wray Scott.*
3. *F. T. De Berckem.*
4. *Wm. Mariner.*
5. *E. Rapallo.*

Case VI.
Claimants.—Messrs. R. and W. Hichens and Harrison.
See the Evidence of Mr. Hichens, p. 243.

Robert Hichens, William Hichens, and Frederick Harrison, under the firm of R. and W. Hichens and Harrison, carried on long prior and up to the time of the public discovery of the fraud in October last, the business of stock-brokers and money dealers, their transactions in the latter line, being extremely extensive, and involving loans, during the year 1841, to an average amount of three millions a month, or 100,000*l.* a-day. The latter branch of business they have, however, since been compelled to discontinue, owing to the difficulties in which they have been involved as holders of the nine bills now in question, and as negociators in manner hereafter mentioned of 43 others, comprised in the Schedule to the Act of Parliament.

As to the first set of bills the facts are these:—

Messrs. R. and Wm. Hichens and Harrison had been in the habit for several years prior to May, 1841, viz., from 1835 downwards, of lending large sums of money to Mr. E. L. Morgan (mentioned in Case I.) on the deposit partly of Exchequer Bills, partly of stock; and upon all these occasions, as well as on those occurring from May to October, 1841, as hereinafter mentioned, the money was borrowed by him in his own name, but on behalf of the firm of Messrs. William and James Morgan, to whom he accordingly handed it over, and from whom he received on every occasion, such securities as were given in deposit upon the several loans.

Between 13th May and 14th October, (both inclusive,) Messrs. R. and W. Hichens and Harrison made advances to E. L. Morgan to the aggregate amount of 59,500*l.*, at such dates, and for such periods, and at such rates of interest as set forth in the account, p. 246; and received from him by way of security from time to time deposits of 60 instruments, as there also set forth, purporting to be Exchequer Bills, (viz. 59 for 1000*l.* each, and one purporting to be an Exchequer Bill for 500*l.*), 12 of which were afterwards taken away, and 12 others substituted by Mr. E. L. Morgan at the June exchange of 1841. Of the 60 bills thus left with them in deposit, (after allowing for the substitutions,) 10 were redeemed by Mr. E. L. Morgan, 43 were negociated by Messrs. R. and W. Hichens and Harrison to other parties, one (being the bill for 500*l.* which was ascertained to be good) was sold on the public discovery of the fraud, and the other six (being the first set of bills now in question) remained at that period in their own hands.

As to the second set of bills the facts are as follows:—

On the 21st October, 1841, and before the discovery of the fraud, Messrs. R. and W. Hichens and Harrison advanced to Mr. J. Wray Scott (with whom they had some previous dealings of the same kind) 3000*l.* at the interest of 5 per cent. until the 26th October following; and received from him a deposit of three instruments purporting to be Exchequer Bills, being the second set of bills now in question, which remained in their hands at the time of the public discovery of the fraud.

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[a] All these bills, except No. 7071, are entered in the Schedule to the Act of Parliament under the head "Bank of England," and that Number under the name G. Fournier.

Mr. Scott (who was a stock-broker, and member of the Stock Exchange) received these bills on the same 21st October from F. T. De Berckem, for whom he had been in the habit since November, 1839, of procuring money on loan, secured by deposits of Exchequer Bills, (or instruments purporting to be such,) the nature of the dealings between these parties (which was according to the usual course of business) being as follows, that Mr. Scott borrowed the money in his own name, (without mention of Mr. De Berckem,) depositing for that purpose the bills which he had previously received from Mr. De Berckem; while, on the other hand, he charged Mr. De Berckem as on a loan from himself, Mr. Scott, secured by a deposit of the same bills, but with a difference of interest in his own favour at the rate of half per cent. per annum. It was in the course of these transactions that Mr. Scott received from Mr. De Berckem the second set of bills now in question. (See Scott's Account A., p. 154; Scott's Account, Table II., p. 359; F. T. De Berckem's Account, Table I., p. 358.

In respect of this second set of bills Messrs. R. and W. Hichens and Harrison have received from Mr. Scott reimbursement to the extent of 600*l.*

Case VII.

No. 7073: 1 Bill.[a]

Claimant.—Henry Maynard, Esq.

Series of Holders.

1. *Henry Maynard.*
2. *William and James Morgan.*
3. *E Rapallo.*

Case VII.
Claimant.—
H. Maynard, Esq.
See the Evidence of Mr. Maynard, p. 55.

Mr. Maynard, who is in mercantile business, having 1000*l.*, which he wished to lay out at interest, applied on the subject to Mr. J. W. Cook, (mentioned in Case I.,) with whom he had been personally acquainted for 24 or 25 years, and whom he had before employed to lend out money for him on security. He placed the above-mentioned sum in Mr. Cook's hands on 14th September, 1841, with a request to obtain for him 5 per cent. interest, on such security as Mr. Cook might think fit, with power to the lender to recall the loan at three days' notice.

Mr. Cook accepted this commission, and on the same 14th September, and before the public discovery of the fraud, placed the money with his employers, Messrs. William and James Morgan, by way of loan to them from Mr. Maynard upon the terms above-mentioned, and about the 28th October following, (being after the public discovery of the fraud,) made an entry in his books, by consent of his employers, appropriating the bill in question to Mr. Maynard's account, as a security for such loan; and delivered it over shortly afterwards to Mr. Maynard upon the application of the latter to ascertain what had been done with his money; Mr. Cook at the same time expressing to Mr. Maynard an apprehension that the bill in question was one of those on which there was considerable doubt. The bill at the time of such appropriation had been lying in the hands of Mr. Cook since the 21st October then last, (when the fraud was still undiscovered,) among other similar bills deposited by Rapallo with Messrs. W. and J. Morgan, for the purpose of raising money upon them, and which Mr. Cook, as their clerk, had in his possession accordingly.

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[a] Entered in the Schedule to the Act of Parliament under the name of H. Maynard.

Case VIII.

Nos. 7072, 7074, 7075, 7083—7085, 7087—7091, 8437—8439, 8440, 8441.—16 Bills.[a]

Claimant.—Mr. Lewis Levy.[b]

Series of Holders.

1. *Lewis Levy.*
2. *F. T. De Berckem.*
3. *William Mariner.*
4. *E. Rapallo.*

[b] N.B. The first eleven of these Bills were funded by Mr. Levy; but he is a claimant upon them in the event of his being compelled to make other payment for his stock.

Case VIII. *Claimant.*—Mr. Lewis Levy. See the Evidence of Mr. Levy, p. 125, 439.

Mr. L. Levy is a farmer of turnpike tolls, and a lender of money on foreign and other securities. On 12th July, 1841, he lent to Mr. F. T. De Berckem (with whom he had had some previous transactions of the same kind) 5000*l.* on deposit of instruments purporting to be Exchequer Bills, and on the 24th and 31st August following the further sums of 5000*l.* and 10,000*l.* on the like security. The period for which the money was lent exceeded in no case a fortnight, and the loans were subject to recal by the lender on a few hours' notice, but remained current as to 16,000*l.* (4000*l.* having been paid off,) until the 23d of October last, at rates of interest from $4\frac{1}{2}$ to $6\frac{1}{2}$ per cent., as set forth in Mr. Levy's Evidence, p. 127, and in Mr. De Berckem's Account, p. 291; for which balance of 16,000*l.* Mr. Levy retained 16 of the bills (being those now in question). On the 23rd of October last Mr. Levy funded 11 of these bills, and obtained stock for them. As to the rest, the money advanced upon them remains unpaid, though Mr. Levy has obtained from Mr. De Berckem, by way of collateral security for it, certain Columbian bonds, as more particularly stated in his evidence, p. 439.

With respect to two of the bills, also, which have not been funded, viz., 8440 and 8441, it appears that Mr. Levy, having exhibited them at the office of the Paymasters of the Exchequer on the 26th of October last, and having reason to believe from what passed there that their genuineness was doubtful, afterwards fell into conversation on the subject with Mr. Edward Sherman, (a claimant before us on other bills,) who offered to take them off his hands if he would sell them for 1800*l.*; and this offer being accepted by Mr. Levy, 800*l.* was actually paid to him in part of the purchase money. But it has been stated by both parties, in their examination before us, that the bargain has since been rescinded by mutual consent.

Case IX.

No. 6474—6488: 15 Bills.[c]

Claimant.—Mr. Edward Sherman.

Series of Holders.

1. *Edward Sherman.*
2. *Edward Lloyd Morgan.*
3. *Wm. and James Morgan.*
4. *E. Rapallo.*

Case IX. *Claimant.*—Mr. E. Sherman. See the Evidence of Mr. Sherman, p. 66.

Mr. Sherman is a coach proprietor, and having occasion to make monthly payments in the course of his business, was in the habit, at the time when this case occurred, of lending out his money for short periods to persons on the Stock Exchange, on the deposit of Spanish stock and other securities.

On the 15th October, 1841, Mr. E. L. Morgan, (mentioned in Case I.,) with whom he had had some previous transactions of the kind above mentioned (on Spanish stock,) inquired of him if he had money to lend, and on his answering in the affirmative, a bargain took place between them on the same day for the loan of 10,000*l.* by Mr. Sherman to Mr. Morgan, upon security, for one week, subject to earlier redemption, at the option of the borrower. Mr. Morgan then went away

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[a] Nos. 7072, 7074, 7075, 7083—7085, 7087—7091 are entered in the Schedule to the Act of Parliament under the head of "Paymasters of Exchequer Bills." Nos. 8437—8439, under the name of W. Townsend for Lewis Levy. Nos. 8440, 8441, under the name of C. Sherman by mistake for E. Sherman.

[c] These bills are entered in the Schedule to the Act of Parliament under the name of C. Sherman by mistake for E. Sherman. N.B. There are five other bills which Mr. Sherman claims as collateral security. See Case XXXI.

to fetch the security, the nature of which had not been mentioned, and he afterwards returned with 10 of the bills now in question. On his return, Mr. Sherman said that he should charge him seven per cent., informing him (as the fact was) that he, Mr. Sherman, was himself under engagement to pay seven per cent. to another person in a transaction in Spanish stock; and Mr. Morgan, after some apparent hesitation, acceded to the proposal, receiving from Mr. Sherman the 10,000*l.*, and leaving with him the 10 bills by way of security.

Almost immediately afterwards the parties agreed to enlarge the 10,000*l.* to 15,000*l.*, and 5,000*l.* more was then accordingly advanced by Mr. Sherman to Mr. Morgan upon the same terms as already stated with respect to the 10,000*l.*, and the remainder of the bills now in question were left by the latter with the former as a security for this additional advance. These loans both continued current till the public discovery of the fraud, which was about a week after the bargain above stated.

Seven per cent. was a very high rate of interest at the time of the bargain, having regard to the nature of the security; but it does not appear to us that under the circumstances of the case the consent of Mr. Morgan to pay that interest was calculated to excite, or did in fact excite, suspicion of fraud in the mind of Mr. Sherman.

The money so borrowed by Mr. E. L. Morgan was borrowed by him as clerk or agent to the house of Wm. and James Morgan, from whom he received the bills, and to whom he also paid over the money.

Case X.

No. 6416—6420: 5 Bills.[a]

Claimant.—Joseph Paice Vickery, Esq.

Series of Holders.

1. *J. P. Vickery.*
2. *John Bragg.*
3. *E. L. Morgan.*
4. *Wm. and James Morgan.*
5. *E. Rapallo.*

Case X.
Claimant.—
J. P. Vickery.
See the Evidence of Mr. Vickery, p. 103.

Mr. Vickery, formerly in the army, but latterly resident for the most part in Paris, wishing to lay out a sum of money for a few weeks, on Government security, applied to Mr. John Bragg, of the Stock Exchange (who had been employed as his broker for two years previously), to effect this for him. On the 14th of October, 1841, he put into Mr. Bragg's hands 5,000*l.*, to be employed in the way above mentioned, and on the same day he received from Mr. Bragg the five bills in question, who informed him that he had lent the money on the security of those bills to the 25th of November (the period of a Consol account), and that he (Mr. Vickery) was to receive interest at 3½ per cent.; but Mr. Bragg did not mention the name of the borrower, nor is it usual in these transactions to do so. The bills afterwards remained in the hands of Mr. Vickery until the public discovery of the fraud.

Mr. Bragg had lent this money on the same day to Mr. E. L. Morgan, (mentioned in Case I.,) under the following circumstances:—While he was on the Stock Exchange, endeavouring to employ Mr. Vickery's money in Consols, Mr. E. L. Morgan (with whom he had had no previous transaction, but whom he had been in the habit of seeing on the Stock Exchange, and had reason to suppose in very good credit,) came up to him, and after asking him if he was a lender, said, "I will give you five per cent. on Exchequer Bills," with which offer Mr. Bragg immediately closed, as it was a higher interest than he had been able that day to obtain on Consols, (the stock he had had in view,) though in the course of that day money had, in fact, been lent at five per cent. on Consols. He handed over the money, accordingly, to Mr. E. L. Morgan as upon loan to the 25th November following, at five per cent., and received from him the bills in question by way of security; the difference between the 5 per cent. and the 3½ per cent., payable to Mr. Vickery, being Mr. Bragg's profit upon the transaction.

The loan was obtained by Mr. E. L. Morgan as clerk or agent to Wm. and James Morgan, from whom he received the bills, and to whom he also paid over the money.

[a] Entered in the Schedule to the Act of Parliament under the name of J. P. Vickery.

Case XI.

No. 8403: 1 Bill.[a]

Claimant.—Thos. Jones Margrave, Esq. (for E. R. Tunno, Esq.)

Series of Holders.

1. *T. J. Margrave.*
2. *R. and W. Hichens and Harrison.*
3. *E. L. Morgan.*
4. *Wm. and James Morgan.*
5. *E. Rapallo.*

Case XI. *Claimant.*—Thomas Jones Margrave, Esq. See his Evidence, p. 60.

Mr. Margrave is a partner in the establishment of the City Saw Mills, and also agent for Mr. Tunno, a gentleman of large property, whose monies he is intrusted to receive and to pay, and to invest from time to time in such manner as he may think proper.

In the discharge of the latter duty, Mr. Margrave, from the early part of June, 1839, down to the 25th of November last, was in the habit of making loans to Messrs. R. and W. Hichens and Harrison, (mentioned in Case VI.,) and on the 15th of April, 1841, there was a balance of 46,663*l.* 13*s.* due from them in respect of such loans, which balance on the 25th of November last, when the account was closed, had been reduced by successive payments to 20,663*l.* 13*s.* The state of the account during the interval will appear from the evidence of Mr. Margrave, pp. 61, 62; from which it results that the several balances which became due between the above dates were allowed to remain on loans for short periods, continually renewed, at rates of interest varying from 2½ to 5 per cent. (as there more particularly shown,) and covered to the full amount by the deposit of various securities. Among these, Mr. Margrave received from Messrs. R. and W. Hichens and Harrison the bill now in question, being one of the 60 bills which they themselves received from Mr. E. L. Morgan from May to October, 1841, as stated in Case VI., and this bill remained in the hands of Mr. Margrave at the time of the public discovery of the fraud.

Case XII.

No. 8381, 8382: 2 Bills.[b]

Claimant.—Thomas Browne, Esq.

Series of Holders.

1. *Thomas Browne.*
2. *John Wray Scott.*
3. *F. T. De Berckem.*
4. *Wm. Mariner.*
5. *E. Rapallo.*

Case XII. *Claimant.*—T. Browne, Esq. See his Evidence, p. 79.

Mr. Browne was formerly a chemist at Camberwell, and on retiring from that business received a sum of 2000*l.*, which he was desirous to lay out at interest, and was introduced for that purpose by a respectable party to John Wray Scott, (mentioned in Case VI.,) whom that party had employed as a broker for several years. Mr. Scott said he thought he could get Exchequer Bills, and afterwards informed Mr. Browne that an arrangement had been made with a party for the loan of the 2000*l.*, for two or three months, from the 1st October, at 5 per cent., and that three months would be preferred to two. In pursuance of this arrangement, Mr. Browne on the 2nd October, 1841, handed over the 2000*l.* to Mr. Scott upon a loan for three months, at 5 per cent., Mr. Scott being (as usual in such cases) the apparent borrower, and the principal not being named. And Mr. Browne received, by way of security, a deposit of the two bills now in question, which remained in his hands at the time of the public discovery of the fraud.

Mr. Scott had received the bills on the same day from Mr. De Berckem, in the course of the transactions between those parties that are described in Case VI. (See Scott's Account A., p. 154, and F. De Berckem's Account, Table II.*e*, p. 358.)

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[a] Entered in the Schedule to the Act of Parliament under the name of "T. Margrave, through G. Fournier."

[b] Entered in the Schedule to the Act of Parliament under the name of "T. Browne."

Case XIII.

Nos. 7096, 7910—7930, 8386, 8387, 8470, 8471: 26 Bills.[a]

Claimants.—Messrs. Price and Co.

Series of Holders.

1. *Messrs. Price and Co.* | 2. *E. Rapallo.*

Case XIII.
Claimants.—Messrs. Price and Co.
See their Evidence, pp. 82, 426; and Evidence of Mr. Rogers, pp. 442, 446.

Mr. Solari was introduced to Messrs. Price and Co., July, 1836, and immediately opened an account with them, in the course of which, he obtained successive advances from them on the deposit of Exchequer Bills, (or instruments purporting to be such, at such dates, and for such amounts, and at such rates of interest as set forth in the Accounts, p. 427. After Solari's death, in October, 1840, Mrs. Solari, his widow and executrix, introduced to Messrs. Price and Co., Rapallo, whom they had not before known, and requested them to take his orders for the management of the account. The account was accordingly continued by Rapallo, and in the course of it, viz. on 31st July and 3rd August, 1841, he obtained from Messrs. Price and Co., on the deposit of the Exchequer Bills now in question, the several loans of 21,000*l.* and 5,000*l.* at the interest of 5 per cent. per annum, for a month respectively, which loans were successively renewed on the same terms, to 3rd November, and 31st October, the same year. The bills in question remained in the hands of Messrs. Price and Co., at the time of the public discovery of the fraud, the several sums of 21,000*l.* and 5,000*l.* then (and still) being wholly unpaid. Interest, however, has been paid on the 21,000*l.* up to 31st October, 1841, and on the 5000*l.* to 3rd November, 1841.

Case XIV.

Nos. 8307, 8308: 2 Bills.[b]

Claimants.—Messrs. Wolfe, Brothers, and Co.

Series of Holders.

1. *Wolfe, Brothers, and Co.* | 3. *F. T. De Berckem.*
2. *John Wray Scott.* | 4. *William Mariner.*
5. *E. Rapallo.*

Case XIV.
Claimants.—Messrs. Wolfe, Brothers, and Co.
See Mr. Wolfe's Evidence, pp. 18, 33.

Mr. John Lewis Wolfe, and Mr. Lewis Mortlock Wolfe, carrying on the business of stock brokers, under the firm of Wolfe, Brothers, and Co., and at the time when the case now in question occurred, were in the habit (as incidental to that business) of lending out their spare money from day to day.

On the 22nd October, 1841, Mr. Scott, (mentioned in Case VI.,) with whom Messrs. Wolfe, Brothers, and Co., had before had occasional transactions, informed their clerk, whom he met in the market on the Stock Exchange, that he wanted a loan of 2,000*l.*, on Exchequer Bills, and on being asked at what rate, mentioned 5 per cent., which was the common rate at the time. The clerk accordingly agreed to lend him to that amount, and at that rate of interest, for one day; and the money was paid over to him by Messrs. Wolfe, Brothers, and Co., accordingly; the bills in question being deposited with them, at the same time, by Mr. Scott, by way of security. The loan was afterwards renewed or continued upon the same terms, and remained current at the time of the public discovery of the fraud.

Mr. Scott had previously received these bills from Mr. De Berckem, in the course of the transactions between them that have been described in Case VI. (See Scott's Account A, p. 154, and F. T. De Berckem's Account, Table II. *e*, p. 358.)

Since the public discovery of the fraud, Messrs. Wolfe, Brothers, and Co., have received from Mr. Scott reimbursement to the extent of 400*l.*

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[a] Entered in the Schedule to the Act of Parliament under the name "Messrs. Price and Co."
[b] Entered in the Schedule to the Act of Parliament, under the head "Bank of England."

Case XV.

Nos. 7052—7055, 7056: 5 Bills.[a]

Claimant.—George Bunter Clapcott, Esq

Series of Holders.

1. *G. B. Clapcott.*
2. *John Wray Scott.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case XV.
Claimant.—G. B. Clapcott, Esq.
See his Evidence, p. 304.

Mr. Clapcott, a gentleman residing at Bath, placed 5000*l.* in the hands of his broker Mr. John Wray Scott, (mentioned in Case VI.,) and sent him an order to make a temporary investment of it in Exchequer Bills, unless there should occur an opportunity of doing better with equally good security.

Mr. Scott finding that better interest could then be obtained on stock, than on Exchequer Bills, executed this order on 8th December, 1840, by lending the 5000*l.* until 15th January, following, on the security of 3 per cents. Reduced, at the interest of 5 per cent., out of which half per cent. was payable to himself by way of commission.

Before that loan expired, viz., on 11th January, 1841, Mr. Scott wrote to Mr. Clapcott, that as the rate of interest on stock was then lower, he should find him some other security, and that he had one in view equally good, viz., Exchequer Bills. To this Mr. Clapcott acceded; and the 5000*l.* having been repaid by the borrower on 15th January, Mr. Scott accordingly lent the 5000*l.* on the 16th, to Mr. F. T. De Berckem, (according to the course of transactions between them, described in Case VI.,) at $5\frac{1}{2}$ per cent., (being 5 per cent. to Mr. Clapcott, clear of commission,) for the period of two months, secured by a deposit of five instruments purporting to be Exchequer Bills; and informed Mr. Clapcott of the transaction, at the same time forwarding to him, the bills so received in deposit: but (as usual in such cases) no mention was made of the name of the borrower.

At the period of the March exchanges, these bills were withdrawn, and others substituted; and afterwards about the period of the June exchanges, these last were in turn withdrawn, and the bills now in question substituted. The loan, was in the meantime continued indefinitely, and remained current at the time of the public discovery of the fraud.

Case XVI.

Nos. 6434—6443, 8401, 8402, 8404, 8405, 8407—8410: 18 Bills.[b]

Claimants.—The London Joint Stock Bank.

Series of Holders.

1. *The London Joint Stock Bank.*
2. *R. and W. Hichens and Harrison.*
3. *E. L. Morgan.*
4. *William and James Morgan.*
5. *E. Rapallo.*

Case XVI.
Claimants.—The London Joint Stock Bank.
See the Evidence of Mr. Pollard, p. 265.

The London Joint Stock Bank had, previously to October last, been in the habit of lending money to R. and W. Hichens and Harrison, (mentioned in Case VI.,) on Exchequer Bills and other securities; and these loans had taken place to the extent, altogether, of several hundred thousand pounds.

On the 5th, 12th and 28th of October, 1841, the London Joint Stock Bank advanced to them three several sums of 10,000*l.*, 15,000*l.*, and 10,000*l.* for periods of six weeks, two months, and one month respectively, at the interest of $4\frac{1}{2}$ per cent., with power to the lenders to recall the loan on demand, in which case the interest was to be reduced to 4 per cent. Among the securities deposited from time to time, on account of these three advances, were the bills now in question, which

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[a] No. 7052—7055 are entered in the Schedule to the Act of Parliament, under the head of "Bank of England." No. 7056, under the name of "J. W. Scott."

[b] These bills are entered in the Schedule to the Act of Parliament, under the head of the "Bank of England."

Messrs, R. and W. Hichens and Harrison had themselves received from Mr. E. L. Morgan, being among the 60 bills which he deposited with them from May to October, 1841, as stated in Case VI. Part of the above-mentioned sum of 35,000*l.*, having been since paid off, the London Joint Stock Bank now limit their claim against Messrs R. and W. Hichens and Harrison to the balance of 16,597*l.* 10*s.* 6*d.* exclusive of the interest due. (See Mr. Pollard's evidence, p. 266, and Mr. Harrison's, p. 286.)

CASE XVII.

Nos. 7070, 7098, 8379, 8385, 8406, 8412—8416, 8429—8436, 8457—8462: 24 Bills.[a]

Claimants.—Messrs. HOARE.

Series of Holders.

1. *Messrs. Hoare.*
2. *R. and W. Hichens and Harrison.*
3. *E. L. Morgan.*
4. *William and James Morgan.*
5. *E. Rapallo.*

Case XVII. *Claimants.*—Messrs. Hoare. See the Evidence of Mr. Hoare, p. 258, and Mr. Cottle, ibid.

Messrs. Hoare, bankers, had, previously to October last, been in the habit of lending large sums of money to various persons, secured by deposits of Exchequer Bills and other securities, and among others to Messrs. R. and W. Hichens and Harrison, (mentioned in Case VI.,) with whom they had dealt in that way for the last 20 years on very numerous occasions, and to a very great extent in point of amount.

On the 14th October, 1841, a balance of 75,000*l.* remained due from Messrs. R. and W. Hichens and Harrison to Messrs. Hoare, in respect of such advances, and was on that day lent by the latter to the former until the next account day, viz., the 25th November then next, at the interest of 3 per cent., with recal by Messrs. Hoare at pleasure; upon which loan various securities were deposited, and among others 44 instruments purporting to be Exchequer Bills. Some of the bills so deposited were afterwards exchanged for stock, and stock was afterwards withdrawn and exchanged for Exchequer Bills, (such substitutions being according to the usual business in dealings of this description,) and in the result 39,000 Exchequer Bills (or instruments purporting to be such) comprising the 24 now in question, were, at the time of the public discovery of the fraud, in the hands of Messrs. Hoare, on account of the loan made upon the 14th October. These bills had been received by Messrs. R. and W. Hichens and Harrison from Mr. E. L. Morgan, being among the 60 bills which he deposited with them from May to October, 1841, as stated in Case VI.

CASE XVIII.

Nos. 7092, 7093, 8417—8428 . . 14 Bills.[b]

Claimant—Mr. CHARLES KEYSER.[c]

Series of Holders.

1. *Charles Keyser.*
2. *E. L. Morgan.*
3. *William and James Morgan.*
4. *E. Rapallo.*

[c] N.B. Mr. Keyser (through Mr. L. Richardson) funded these bills; but is claimant upon them in the event of Mr. Richardson's being compelled to make other payment for the stock, and calling on Mr. Keyser for reimbursement.

Case XVIII. *Claimant.*—Mr. C. Keyser. See his Evidence, p. 167.

On 16th July, 1841, Mr. Charles Keyser, a member of the Stock Exchange, and a dealer in English securities, received these, together with 3000*l.* in good bills, from Mr. E. L. Morgan, (mentioned in Case I.,) with whom he had had

[a] These bills are entered in the Schedule to the Act of Parliament, under the head of the "Bank of England."

[b] Nos. 7092, 7093, 8417—8428, are entered in the Schedule to the Act of Parliament, under the head of "Paymasters of Exchequer Bills."

frequent dealings, as security for 17,000*l.* then lent him by Mr. Keyser. The money was lent until 26th August following at 4 per cent., and the loan renewed until the 14th October following at 4½ per cent., and on that day renewed again for a month at 5 per cent, and remained current until the public discovery of the fraud. In this transaction though Mr. E. L. Morgan borrowed in his own name, he raised the money in fact for William and James Morgan, and received from them the bills given in deposit.

Case XIX.

Nos. 7066, 7099: 2 Bills.[a]

Claimant.—Mr. Samuel Richard Heseltine.[b]

Series of Holders.

1. *Samuel Richard Heseltine.*
2. *F. T. de Berckem.*
3. *William Mariner.*
4. *E. Rapallo.*

[b] N.B. Mr. Heseltine (through Mr. L. Richardson) funded these bills; but is claimant upon them in the event of Mr. Richardson's being compelled to make other payment for the stock, and calling on Mr. Heseltine for reimbursement.

Case XIX.
Claimant.—Mr. Samuel Richard Heseltine.
See his Evidence, p. 172.

On the 14th October, 1841, Mr. Samuel Richard Heseltine, of the Stock Exchange, dealer in foreign securities, having money to receive from Mr. F. T. De Berckem (with whom he had often had dealings) in respect of a sale of Spanish stock, the latter said he was short of money and asked Mr. Heseltine to give him credit for 5000*l.* of it on the deposit of Exchequer Bills. Mr. Heseltine consented to this, and received on that day from him, by way of security, the set of bills now in question with three others, it being agreed that the money was to remain outstanding for a few days at 5 per cent. Afterwards three of these bills were redeemed by Mr. De Berckem, but the other two remained upon the loan until the public discovery of the fraud.

Case XX.

Nos. 7100, 7101: 2 Bills.[c]

Claimant.—Mr. George Edward Cooper.[d]

Series of Holders.

1. *George Edward Cooper.*
2. *E. Lloyd Morgan.*
3. *William and James Morgan.*
4. *E. Rapallo.*

[d] N.B. These bills were funded by Mr. Cooper; but he is a claimant upon them in the event of his being compelled to make other payment for the stock.

Case XX.
Claimant.—Mr. G. E. Cooper.
See his Evidence, p. 115.

Mr. Cooper of the Stock Exchange, and dealer in Exchequer Bills and India bonds, lent on 15th July, 1841, to Mr. E. L. Morgan, (mentioned in Case I.,) with whom he had done business for many years, 2000*l.* on the deposit of the two bills in question. The money was originally lent until the 26th of August, (the next account day,) at the rate of 4 per cent.; but the loan was afterwards continued for a fortnight at the same rate, and again to the 27th October following at the rate of 5 per cent.; before the expiration of which period the public discovery of the fraud took place. The loan was obtained by Mr. E. L. Morgan in his own name, but on behalf of William and James Morgan, from whom he received the bills in question, for the purpose of the deposit, and to whom he paid over the money.

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[a] These bills are entered under the head of the "Bank of England."
[c] Entered in the Schedule to the Act of Parliament, under the head "Bank of England."

Case XXI.

Nos. 8275—8277 : 3 Bills.[a]

Claimants.—Messrs. Bennison and Lennard.[b]

Series of Holders.

1. *Bennison and Lennard.*
2. *John Mollett.*
3. *William May Simonds.*
4. *F. T. De Berckem.*
5. *E. Rapallo.*

[b] N.B. Messrs. Bennison and Lennard (through Mr. Cutting) funded these bills; but are claimants upon them in the event of Mr. Cutting's being compelled to make other payment for the stock, and calling on Messrs. Bennison and Lennard for reimbursement.

Case XXI.
Claimants.—Messrs. Bennison and Lennard.
See Mr. Bennison's Evidence, p. 149.

Mr. Mollett, (mentioned in Case III.) deposited with Messrs. Currie and Co., bankers, by way of deposit upon loan of 13,000*l.*, 13 instruments purporting to be Exchequer Bills, which he had himself received from Mr. William May Simonds, and which the latter had received from Mr. De Berckem; and Mr. Mollett afterwards paid off 9000*l.* of the loan obtained of Messrs. Currie; all which circumstances are more particularly set forth in the statement of Case III.

Upon the repayment of the 9000*l.* Mr. Mollett left in the hands of Messrs. Currie and Co. (as in that case also explained) 10 of the bills that had been deposited with them, but the remaining three (being the bills now in question) he took away, the same having been redeemed by the repayment of the 9000*l.*; and afterwards, on the 5th of June, 1841, deposited them on loan with Messrs. Bennison and Lennard, of the Stock Exchange, discount brokers and money-dealers, with whom he had had some occasional transactions of the same kind. The loan was from day to day, and remained current until after the public discovery of the fraud, viz., at the rate of 5 per cent. to the 20th July, 4½ per cent. from 20th July to 25th August, and 5 per cent. from 25th August to 26th October.

Case XXII.

Nos. 8278—8282, 8374—8376: 8 Bills.[c]

Claimants.—Bank of England.

Series of Holders.

1. *Bank of England.*
2. *Harry Tomkins.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case XXII.
Claimants.—Bank of England.
See Mr. Ballard's Evidence, pp. 122, 152, 179, 267.

These bills were originally deposited with Mr. Tomkins (mentioned in Case I.) by Mr. De Berckem, in the course of the transaction between those parties that is described in the same case. (See the Accounts set forth at pp. 356, 360.)

Afterwards these bills were deposited by Mr. Tomkins with Messrs. Stone, Martin, and Co,, bankers, being, part of a considerable number of instruments purporting to be Exchequer Bills, on which he from time to time procured loans from them in his own name, but on behalf of Mr. De Berckem; an account of which loans will be found in the evidence of Mr. Dobson, p. 179.

On 23rd September, 1841, Mr. Tomkins redeemed the bills in question, with three other bills, from Messrs. Stone, Martin, and Co., and obtained an advance of 11,000*l.* upon them in his own name, but on the behalf and at the request of Mr. De Berckem, from the Bank of England; the period of that loan being until the 21st October following, and the rate of interest 5 per cent. Of this sum 3000*l.* was repaid to the Bank of England on 22nd October, 1841, leaving a balance due of 8000*l.*, against which the Bank held the bills now in question.

The balance last mentioned not being repaid, the bills were on 23rd October, 1841, sold by the Bank of England to W. Scott and Son, and by W. Scott and Son to Mr. James Capel, who purchased them by direction of Messrs. Coutts and Co, bankers, for Mr. Mitchell Innes, on whose behalf they were deposited for safe custody with Messrs. Coutts and Co. Afterwards, on the public discovery of the fraud, these bills were returned by the several purchasers in succession upon the Bank of England, who were obliged to provide new bills. The Bank subsequently brought their action against Mr. Tomkins for reimbursement, but though they recovered judgment against him, they have never been able to obtain satisfaction. They are consequently now claimants on the bills in question.

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[a] Entered in the Schedule to the Act of Parliament, under the head of "Paymasters of Exchequer Bills."

[c] Entered in the Schedule to the Act of Parliament, under the name "James Capel, for Coutts and Co."

Case XXIII.

Nos. 6414, 6424—6432, 6446—6459,[a] 6465—6473, 6489—6492, 7094, 7095: 39 Bills.[a]

Claimants.—Messrs. Coutts and Co.

Series of Holders.

1. *Messrs. Coutts and Co.* | 2. *William and James Morgan.*
3. *E. Rapallo.*

Case XXIII. *Claimants.*—Messrs. Coutts and Co. See the Evidence of Mr. Coulthurst, p. 110. Sir E. Antrobus. p. 118.

On the 15th October, 1841, Mr. William Morgan, partner in the firm of William and James Morgan, requested Lord Viscount Strangford (to whom he had for a long time acted as stock-broker, and who had an account with Messrs. Coutts and Co., bankers) to introduce him to Messrs. Coutts and Co., with the view of his obtaining from them a loan of 40,000*l.* in Exchequer Bills.

Mr. William Morgan was on the same day introduced by Lord Strangford accordingly, and Messrs. Coutts and Co. made an advance to him to the amount above mentioned for the period of a month, and at the interest of 5 per cent.; and received from him by way of security on such loan, a deposit of 40 instruments purporting to be Exchequer Bills, comprising the bills now in question, and one other which has since proved to be genuine.

The bills so deposited remained in the hands of Messrs. Coutts and Co. until the public discovery of the fraud, which took place before the expiration of the period for which the money had been advanced.

Case XXIV.

Nos. 7077—7081, 8271—8273, 8300—8303, 8314—8318, 8354—8363, 8442—8444, 8447—8455, 8456: 40 Bills.[b]

Claimant.—Sir James Shaw, Bart.

Series of Holders.

1. *Sir J. Shaw.* | 3. *F. T. De Berckem.*
2. *John Wray Scott.* | 4. *William Mariner.*
5. *E. Rapallo.*

Case XXIV. *Claimant.*—Sir James Shaw, Bart. See his Evidence, p. 219.

J. Wray Scott (mentioned in Case VI.) was related to Mr. Scott, now deceased, chief clerk of Sir James Shaw and of his predecessor in the office of Chamberlain in the city of London; and having become known through that circumstance to Sir James Shaw, was employed by him from November, 1839, until the public discovery of the fraud, as his stock-broker; and during that period large sums of money were borrowed by Mr. J. Wray Scott from Sir James Shaw, secured by the deposit of Exchequer Bills, or instruments purporting to be such, and among others the bills now in question, which last-mentioned bills remained in Sir J. Shaw's hands until the public discovery of the fraud.

The amounts and dates of these loans, and the rates of interest charged thereon, are exhibited in the accounts delivered by Sir J. Shaw, p. 220 and p. 230, and the Account delivered in by Mr. John Wray Scott, p. 154.

The bills now in question had, previously to their respective deposits with Sir James Shaw, been deposited from time to time with Mr. John Wray Scott by Mr. De Berckem, in the course of the transactions between those parties that are described in Case VI. (See Scott's Account, A. pp. 154, 359, and F. T. De Berckem's Account, Table I. *e*, p. 359.)

Case XXV.

Nos. 8285—8299, 8464—8469: 21 Bills.[c]

Claimants.—Messrs. Ransom and Co.

Series of Holders.

1. *Messrs. Ransom and Co.* | 2. *E. Rapallo.*

Case XXV. *Claimants.*—Messrs. Ransom and Co. See Mr. Squire's Evidence, pp. 16, 383, 442.

Messrs. Ransom and Co., bankers, had, previously to the public discovery of the fraud, employed Messrs. William and James Morgan as their stockbrokers for

[a] Entered in the Schedule to the Act of Parliament, under the name of "James Capel," (Coutts and Co.)

[b] Entered in the Schedule to the Act of Parliament, under the name of "Sir Jas. Shaw, Bart."

[c] Entered in the Schedule to the Act of Parliament, under the head of "Messrs. Ransom and Co."

upwards of 20 years. About May, 1836, Messrs. William and James Morgan introduced Mr. Solari to Messrs. Ransom and Co.; and Mr. Solari immmediately afterwards opened an account with them, which began by his paying in 1490*l.*; and some months afterwards their opinion of his respectability was confirmed by a transaction referred to by Mr. Squire, p. 390, which led them to the inference of his having influence with one of the railway companies.

In June, 1836, Mr. Solari applied to these bankers for, and obtained from them, several loans on the security of Exchequer Bills (or instruments purporting to be such) amounting on the whole to 3000*l.*, all of which were paid off on the 8th August following, though the first of them only had then become due. From this period to the 23rd June, 1840, inclusive, (as more fully appears from the Account p. 384,) further advances were from time to time made by the bank to Mr. Solari on the like securities, at such rates of interest as in that Account set forth, and to the amount altogether of 53,000*l.*, viz. 9000*l.* in 1837, 7000*l.* in 1838, 11,000*l.* in 1839, and 26,000*l.* in 1840; and at the date last mentioned, of 23rd June, 1840, a balance of 37,000*l.* was due on this loan account to the bank, (the remainder having been paid off,) which balance remained unaltered to the time of his death in October following.

After his death, Mrs. Solari, his widow and executrix, expressed a desire to continue the account for some time, and introduced Rapallo, (whom the bank had not before known,) as her friend, with whose assistance she wished to continue the business pursued by her late husband, (p. 17). No new advance, however, was made, but the former balance remained outstanding until 6th March, 1841, when the bank having required that the account should be reduced, 16,000*l.* was paid off, leaving a balance of 21,000*l.* In the same month, being the period of the March exchanges, some of the bills then in deposit were exchanged by Rapallo (by the hands of Messrs. William and James Morgan) for 15 others; and in the June following, being the period of the June exchanges, the remainder of the old bills were in like manner exchanged for six others; and the 21 bills thus given in substitution are the bills on which the present claim is made; these having remained in the hands of Messrs. Ransom and Co. at the time of the public discovery of the fraud, and the 21,000*l.*, with all interest from 30th September last, being then and still wholly unpaid.

CASE XXVI.

Nos. 7103, 8364—8368, 8370—8373: 10 Bills.[a]

Claimants.—THE COMMERCIAL BANK OF LONDON.

Series of Holders.

1. *Commercial Bank.*
2. *F. T. De Berckem.*
3. *William Mariner.*
4. *E. Rapallo.*

Case XXVI. *Claimants.*—The Commercial Bank of London. See the Evidence of Mr. Cutbill, p. 208.

Mr. De Berckem was introduced to the Commercial Bank by Mr. Oxenford, one of their directors, (who had known him some years under the circumstances mentioned in Mr. Oxenford's evidence, p. 216,) with the view of his obtaining from the bank a loan on Exchequer Bills.

Between the period of his first introduction to the bank, which was about 14th May, 1841, and that of the public discovery of the fraud, considerable sums of money were borrowed by him from the Commercial Bank, secured by deposits of Exchequer Bills, (or instruments purporting to be such,) and among others the bills now in question, which last-mentioned bills remained in the hands of the Commercial Bank until the public discovery of the fraud.

The amounts and dates of these loans, and the rates of interest charged thereon, are exhibited in the Accounts delivered in by Mr. Cutbill, p. 214, and Mr. De Berckem, p. 356.[b]

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[a] Entered in the Schedule to the Act of Parliament, under the head of the "Commercial Bank of London."

[b] N. B. This Account comprises 11 bills. The bill claimed by Mr. Barnewall, (which will be noticed hereafter,) being charged in this Account, to the Commercial Bank.

Case XXVII.

Nos. 7076, 7082: 2 Bills.[a]

Claimant.—Zachary Nash, Esq.

Series of Holders.

1. *Z. Nash.*
2. *John Wray Scott.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case XXVII. *Claimant.*—Zachary Nash, Esq. See his Evidence, p. 204.

Mr. Nash, a student-at-law, having occasion to place out a sum of 2000*l.* on some temporary security, applied on the 15th October, 1841, by advice of his solicitor Mr. Darvill, to Mr. John Wray Scott, (mentioned in Case VI.,) whom Mr. Darvill had employed as his stockbroker for four or five years; and Mr. Scott, being told by Mr. Nash that he was not inclined to buy into the funds, recommended a loan on the deposit of Exchequer Bills.

On the day above mentioned, Mr. Nash accordingly advanced to Mr. Scott 2000*l.* for three months at the interest of 4½ per cent., and received from him, by way of security, a deposit of the bills in question, which remained in his hands at the time of the public discovery of the fraud; which occurred about a week afterwards.

The bills had been previously deposited with Mr. Scott by Mr. De Berckem in the course of the transactions between those parties that are described in Case VI.—See Scott's Account A, pp. 154, 359; and F. T. De Berckem's Account, Table I. *e*, p. 358.

Case XXVIII.

No. 8380: 1 Bill.[b]

Claimant.—John Blake, Esq.

Series of Holders.

1. *John Blake.*
2. *John Wray Scott.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case XXVIII. *Claimant.*—John Blake, Esq. See his Evidence. p. 290. Also Mr. C. Blake's, p. 239.

Mr. Blake, a gentleman residing near Salisbury, having occasion to lay out on security certain trust money, advanced it to Mr. John Wray Scott, (mentioned in Case VI.,) the transaction with Mr. Scott being effected for him through the intervention of one of the managers of the Wilts and Dorset Bank, who is Mr. Scott's brother.

The loan was made on the 9th October, 1841, for three months, at the interest of 4½ per cent., Mr. Blake receiving at the same time from Mr. Scott, by way of security, a deposit of the bill in question, which remained in his hands at the time of the public discovery of the fraud; which occurred about a fortnight afterwards.

The bill had been previously deposited with Mr. Scott, by Mr. De Berckem, in the course of the transactions between these parties that are described in Case VI. (See Scott's Account, A. pp. 154 and 359; and F. T. De Berckem's Account, Table I. *e*, p. 358.)

Case XXIX.

No. 7086: 1 Bill.[c]

Claimant.—Henry Barnewall, Esq.

Series of Holders.

1. *Henry Barnewall.*
2. *F. T. De Berckem.*
3. *William Mariner.*
4. *E. Rapallo.*

Case XXIX. *Claimant.*—H. Barnewall, Esq. See the Evidence of Mr. Cutbill, pp. 210, 211.

Mr. Barnewall is one of the directors of the Commercial Bank of London, mentioned in Case XXVI. That bank having on the 13th October, 1841, recalled 5000*l.*, part of the monies advanced by them to Mr. De Berckem, as there mentioned, delivered up to him five of the bills which they held as security for

[a] Entered in the Schedule to the Act of Parliament, under the head of "H. Darvill, for Z. Nash."
[b] Entered in the Schedule to the Act of Parliament, under the name of "J. W. Scott."
[c] This bill is not entered in the Schedule of the Act of Parliament, but was referred to us after the passing of the Act.

that sum; when Mr. Barnewall, who had 1000*l.* trust money at that time lodged with the Commercial Bank, proposed to withdraw it from thence, and invest it on the security of one of the bills so redeemed by Mr. De Berckem. This arrangement accordingly took place with Mr. De Berckem's consent; the 1000*l.* being on the 14th October, 1841, transferred to the credit of the latter at the Commercial Bank, on loan from Mr. Barnewall for 10 or 12 days at 5½ per cent. and the bill in question deposited there, by him, for Mr. Barnewall's security. It remained at the Commercial Bank under these circumstances at the time of the public discovery of the fraud, which took place about a week afterwards.

CASE XXX.

Nos. 8274, 8369: 2 Bills.[a]

Claimant.—MR. WILLIAM DOBSON.

Series of Holders.

1. *William Dobson.*
2. *Harry Tomkins.*
3. *F. T. De Berckem.*
4. *William Mariner.*
5. *E. Rapallo.*

Case XXX. *Claimant.*—Mr. W. Dobson. See his Evidence, p. 176.

Mr. Dobson, clerk in the house of Messrs. Stone, Martin, and Co., bankers, advanced on the 10th August, 1841, to Mr. Tomkins, (mentioned in Case I.,) with whom he was acquainted as having had frequent transactions with that house, 1000*l.* subject to recal by either party on demand, at 4 per cent, and the loan was secured by the deposit of No. 8369, one of the bills in question.

On the 17th August following, Mr. Dobson advanced to Mr. Tomkins another sum of 1000*l.* on the same terms, secured by the deposit of the other bill, No. 8274, and these bills both remained in Mr. Dobson's hands at the time of the public discovery of the fraud.

Previously to the loan by Mr. Dobson, the bills had been deposited with Mr. Tomkins, by Mr. De Berckem in the course of the transactions between these parties that are described in Case I. (See the Accounts set forth at page 356, 360.)

CASE XXXI.

Nos. 6421—6423, 6444, 6445, 6493 . . . . . , 6 Bills.[b]
Nos. 6498—6504, 7104, 7105, 8319—8323, 8384 . . . 15 Bills.[c]

Total 21

Claimants.—Messrs. WILLIAM and JAMES MORGAN, (as to the first set for J. B. INGLIS, Esq.; as to the second set in their own right).

Series of Holders.

1. *Messrs. William and James Morgan.*
2. *E. Rapallo.*

Case XXXI. *Claimants*—Messrs. W. and J. Morgan. See Mr. W. Morgan's Evidence, pp. 344, 347, 410,—414.

With respect to the first set of bills, the facts are these :—

The bills were delivered to Messrs. W. and J. Morgan by Rapallo, in a parcel of other bills, for the purpose of raising money upon them by deposit, and in the course of the transactions between those parties to which we had occasion to refer in an early part of the Report.

The first five numbers were so delivered on 13th October, 1841, and the last numbers on 16th October following. Nos. 6421—6423, 6445 and 6493, were afterwards, viz. on 22d October following, sent up by Messrs. W. and J. Morgan to the Exchequer, to be examined, under the circumstances stated p. 243 and (after an examination to which Mr. B. Smith himself was a party, the particulars of which

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[a] These bills are not in the Schedule to the Act of Parliament, but have been referred to the Commissioners since the Act passed.

[b] These bills are not in the Schedule to the Act of Parliament, but have been referred to the Commissioners since the Act passed.

[c] These bills are entered in the Schedule, under the head of "Chief Cashier of the Bank of England," together with another bill, No. 7065, as to which latter bill, vide Case II.

are stated pp. 243, 244,) pronounced to be good. After this, viz. on 25th October following, they were handed over by Messrs. W. and J. Morgan, to Mr. Edward Sherman, under the circumstances stated in pp. 68, 69, 437, and retained by him until he delivered them in to us under the Commission. The remaining number, viz. 6444, was on the 14th October, 1841, delivered by Messrs. W. and J. Morgan to Messrs. Ransom and Co., under the circumstances stated in the Examinations, p. 410, but was returned to Messrs. W. and J. Morgan, on the 29th October, under the circumstances there also stated, and remained in their possession until delivered in by them under the Commission. The whole of this set are now claimed by Messrs. W. and J. Morgan as having been appropriated by them to Mr. Inglis, formerly of the firm of Messrs. Inglis, Ellis and Co., of Mark Lane; having as they allege, been so appropriated on 21st or 22d October, 1841. And it appears in fact that Mr. Inglis had a balance of money in their hands to the amount of 7000*l.* and upwards, on the 21st October, 1841, on which they allowed him interest at 5 per cent., and which (as they allege) was up to that time secured by Spanish stock and shares. It also appears that on 13th, 15th, 16th, 21st and 29th October, 1841, they made advances to Rapallo on the Exchequer Bill account, as stated in that Account, p. 321. But there is no evidence whatever of any entry in the books of Messrs. W. and J. Morgan, or other act done to appropriate these bills, or any of them, to Mr. Inglis, until after the apprehension of Rapallo for the fraud in November following, when notice was first given by Messrs. W. and J. Morgan to Mr. Inglis, that such appropriation had been made. The allegation besides of Messrs. W. and J. Morgan, that they appropriated these bills to Mr. Inglis on the 21st and 22d October, is to be considered in connexion with the fact of their having delivered them to Mr. Sherman and Messrs. Ransom and Co. respectively, as above stated. As to the bill delivered to Sherman, however, it is to be observed that his statement is at variance with that of Messrs. W. and J. Morgan, who assert that the delivery to him was under circumstances which would give him no title to the bills.

With respect to the second set of bills, the facts are as follows :—

They were received by Messrs. W. and J. Morgan from Rapallo about the 21st October 1841 for the same purpose as the first set, and are the surplus of bills which remain over the 146 set down in Account, p. 321. These bills remained in the hands of Messrs. W. and J. Morgan until about the 28th October following, when they delivered the same over to Mr. Squire, under the circumstances stated by the latter in his Examination, p. 16, and by Mr. W. Morgan in his Examination, Q. 6033. Mr. Squire, however, now disclaims all title to them; and on the other hand, Messrs. W. and J. Morgan claim a lien on them for 2366*l.* 18*s.* 10*d.*, which they allege to be the balance of the General Account with Rapallo. But it will be evident on examination of that Account, p. 415, that it shows a balance against them of 7123*l.* 1*s.* 2*d.*, and that it is only by claiming 9000*l.* for loss of business, that they can make out a balance due to them of 2366*l.* 18*s.* 10*d.* And though on the Exchequer Bill Account (as distinct from the general one) there is no doubt a balance in their favour to the amount of 1213*l.* 13*s.*, (see p. 321,) yet it will be found that this balance is carried forward to the General Account, the ultimate balance on which, as already remarked, is against them.

Findings or Conclusions.

We have now completed our statement with respect to every bill or set of bills on which a claim has been made, and the circumstances under which the now claimants and antecedent holders of them respectively came to the possession. We shall in the next place submit to Your Majesty our findings or conclusions with respect to these several parties; and for this purpose we shall divide them into four classes.

CLASS I.—As to the first class, consisting of the whole of the parties above mentioned, with the exception of those that will be hereafter particularized, we certify that we find them upon the evidence to have become respectively the holders of the bills with which they are connected, in the usual course of business, and without knowledge or suspicion that they were other than genuine, or had been improperly obtained by any person whatever, and under circumstances which warrant no inference of their having acted with want of proper caution.[a]

CLASS II.—As to the second class, consisting of the following parties, viz. Sir James Shaw, Bart., and Messrs. R. and W. Hichens and Harrison, we find them to have become respectively the holders of the bills with which they are connected, in the usual course of business, and without knowledge or suspicion that they were other than genuine, or had been improperly obtained by any person whatever. But circumstances appear upon the evidence which tend to raise some doubt upon the question, whether these parties have acted or not with want of proper caution. If that question were left to our judgment, we should decide that there is not upon the whole, sufficient ground for such an imputation against either of them; but we think it right, nevertheless, to advert specifically to the circumstances here referred to.

They consist of particulars in the conduct of the party with whom they were dealing, which may be thought calculated, in a greater or less degree, to have suggested some suspicion to their minds; and these particulars may be distributed into the following heads:—

1. The number, frequency, and large amounts of the deposits from time to time made with them respectively, by the same party, and the large quantities of bills so deposited, which were in pledge at the same period of time.

The dates and amounts to which we here refer will appear from the tabular statements delivered in by each of these parties;[b] and are such, in the case of both, (though in different degrees,) as naturally to lead to some remark. It is to be observed, however, in their favour, that they were respectively dealing with *brokers,* or persons habitually acting as such, and known to be concerned for a principal; and who might reasonably also be supposed to represent *several* principals; but who (according to the practice constantly prevalent among brokers) would keep the names of their principals, as a matter of course, concealed. With respect to Messrs. R. and W. Hichens and Harrison, it is also to be remarked that they were dealing with Mr. E. L. Morgan, who was understood to do the business of Messrs. W. and J. Morgan; and that the latter parties were known to be brokers for more than one banking-house, and in that capacity might not improbably be employed to raise money to a large amount from time to time upon Exchequer Bills. And in this point of view great attention is due to the statement of Mr. R. Hichens, as to the large amounts to which he dealt with other brokers and bankers in securities of the same description.[c]

2. The instances in which the borrower submitted to pay interest considerably exceeding 5 per cent. per annum.

Five per cent. was the maximum that had been paid to the Bank of England on deposit of Exchequer Bills at any time since the year 1839, (when money was remarkably scarce,[d]) and Sir James Shaw appears to have invariably conformed to the Bank interest. But in the account of Messrs. R. and W. Hichens and Harrison several instances are found of 6 and 7 per cent, taken in 1840 and 1841, for periods from a day to six weeks. There is no reason, however, to believe that these charges were at the time beyond the ordinary rates of interest paid in the

[a] The cases of Major Anderson with respect to No. 7065, and of Mr. Maynard with respect to No. 7073, do not require to be excepted here. For though the appropriation of these bills was made to them respectively by Mr. Cook, as late as the 28th October, they were themselves unaware of such appropriation at the time it was made, and had reason to suppose their money secured at a date prior to the discovery of the fraud.

[b] See Table of Hichens and Harrison, pp. 246, 365,—367; and of Sir James Shaw, pp. 220, 287.

[c] Q. 4675.

[d] Evidence of Mr. Dixon, p. 434.

general money market, for which the rate taken at the Bank forms no absolute or invariable standard.[a]

But the question, whether they corresponded or not with the charges made by other persons, appeared to us to be of the less importance, because Messrs. R. and W. Hichens and Harrison were able to prove that they made parallel loans at the same rates, and at the same periods to other parties not connected with any of the Exchequer Bills which are the subject of our inquiry,[b] a fact that strongly rebuts any unfavourable inference that would arise from the rates of interest paid to them by Mr. E. L. Morgan, even supposing those rates to be in themselves excessive; Messrs. R. and W. Hichens and Harrison also proved, that though the rates of interest were occasionally such as have been mentioned, yet, on an *average*, and taking the account from first to last, they were considerably *below* 5 per cent.

3. The long periods for which the loans were allowed by the borrowers to remain current, having regard to the rate of interest charged upon them, as compared with the rate of interest charged on the Exchequer Bills themselves.

These periods will also appear from the tabular statements before referred to, and the consideration that they suggest (a consideration applicable in some measure to the accounts of both the parties in question) is that it was more for the interest of the borrower to have *sold* his Exchequer Bills in the first instance than to have raised the money upon loan, and that his constantly abstaining from sale was therefore a circumstance calculated (after a time) to excite attention. This position may be illustrated as follows.

Assuming the Exchequer Bills to bear interest at $2\frac{1}{4}d.$ per cent. per diem, (which was the rate as to all those now in question) a loan upon them of 5 per cent. per annum, implies a loss of more than $1d.$ per cent. per diem, in respect of difference of interest. But the expense of selling Exchequer Bills (and they are always marketable)[c] is only $1s.$ per cent. commission, to which on repurchase (supposing the market to remain the same) is only to be added another $1s.$ per cent. for commission, and $2s.$ per cent. for the difference between the buying and selling price, making altogether $4s.$ per cent.[d] So that under the circumstances supposed, the progressive loss on the loan would, after 48 days or 7 weeks, more than countervail the whole expense of sale and repurchase; and supposing the loan to continue from first to last for six months, the surplus of loss would amount to $11s.$ per cent. No fair motive, therefore, can in general be suggested for preferring a deposit to a sale, when the period of loan exceeds seven weeks, and the rate of interest is as much as 5 per cent. unless it be supposed, that on the particular occasion, the borrower may be speculating upon a rise of premium, during the loan, which would oblige him, in case of sale, to repurchase at a loss, but will remunerate him, in the case of loan, for the difference of interest, and perhaps, yield a profit besides. But such a motive as this, cannot be supposed, where there are frequent transactions extending through a long period of time.

Upon the question, however, how far such a mode of dealing may be reasonably expected to excite suspicion in the mind of the lender, considerable difference of opinion seems to prevail among the witnesses whom we have examined, and the evidence seems to lead to the conclusion, that it must be a case very strongly marked, and more so, perhaps, than either of those now in discussion, which would be likely to arouse the attention of a lender of ordinary vigilance. Q. 6300—7745, 3561—3563, 3498—3506, 3217, 4151—4155. In reference to this subject too, Mr. Hichens has again been able to give proof of parallel cases occurring in his own business,[e] in which parties not concerned with the bills which are the subject of our inquiry, borrowed money of him on the deposit of stock or Exchequer Bills for long periods of time, at the rate of $4\frac{1}{2}$ or 5 per cent. Upon the whole, therefore, we think that no great weight can be attached in the case of either of the parties before named, to the consideration thirdly above adverted to;[f] and that the evidence before us is not such as to justify an imputation against either of them, on this, or any other ground, of want of proper caution in their dealing.

CLASS III.—As to the third class, consisting of Messrs. Ransom and Co., Messrs. Price and Co., Mr. John Wray Scott, Mr. H. Tomkins, and Mr. L. Levy, we also

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[a] Q. 4228, 1620.
[b] Table, pp. 250, 251. Examinations, pp. 429—432.
[c] Sir E. Antrobus's Evidence, 120.
[d] Evidence of Sir E. Antrobus, 121. Capel, 89. Hichens, 242.
[e] Table, pp. 250, 251. Examinations, pp. 429—432.
[f] The consideration here referred to is applicable to some of the parties in the first class also, but not in any degree that appeared to require their exclusion from that class.

find them upon the evidence to have become respectively the holders of the bills with which they are connected in the usual course of business, and without knowledge or suspicion that they were other than genuine, or had been improperly obtained by any person whatever. But circumstances exist in the case of all these parties, which appear to us to occasion more difficulty upon the question with regard to want of proper caution, than arises with respect to the second class; and we feel too much doubt upon that question as concerns the class now under consideration, to be able to submit to Your Majesty any opinion of our own upon the subject.

The points of remark which occur with respect to the individuals of this class respectively are as follows:—

1. As regards Messrs. Ransom and Co. and Messrs. Price and Co., it is to be observed that the deposits made with them are of the same general character in point of number, frequency, and amount as with the parties in the second class, but subject to this substantial difference; that the advances to secure which these deposits were given, were not made to a broker, but to Solari, a person of whose condition or pursuits little was known, and who, though representing himself in the case of Messrs. Ransom and Co. to be acting chiefly for another party,[a] kept the name of that party constantly concealed; and after the death of Solari they were made (in the case of Messrs. Price and Co.) to Rapallo, to whom the suspicion that the dealings of Solari might naturally tend to excite ought as naturally to have been transferred. The loss occasioned by deposit in preference to sale, is also more strongly exemplified in the accounts of both these parties than in those of Class II. An occasional charge of interest at 6 and 7 per cent. also occurs in the case of Messrs. Ransom and Co. during the year 1840. The occurrence, however, is but rare; and they have proved, on the evidence of Mr. R. Hichens, that these charges did not exceed what was charged at the time by the house of Messrs. R. and W. Hichens and Harrison.

2. As regards Mr. John Wray Scott and Mr. H. Tomkins, it appears to us that as far as those circumstances are concerned which relate to the extent of the deposits and the loss sustained by the borrower from having recourse to deposit instead of sale, they are substantially in the same position as the parties in the second class; but we think it right, nevertheless, to point out, that during a continued course of dealing, (which comprised, in the case of Mr. Scott, nearly two years, and in the case of Mr. Tomkins ten months,) there are very numerous instances of interest paid to them at 5½ per cent., and that for very considerable periods of time together, as will appear more fully upon the Tables exhibited by them.[b] The difference between this and 5 per cent. was the remuneration payable to themselves as brokers, and it might naturally have occurred to them that as Mr. De Berckem, the party with whom they were dealing, was a broker, he would probably charge in turn (as, in fact, he did) 6 per cent. in every one of these instances to his principal; and there can be no doubt, upon the evidence, that 6 per cent. upon the deposit of Exchequer-bills, for periods of such duration, was beyond the common rate of interest in the money market.[c] As the point, however, to which we are now directing attention, is, in our judgment, only so far material as it may tend to raise the question whether these parties exercised the caution that might reasonably have been expected from them, it is right, in reference to that question, to remark, that they are both young men, and that neither of them has been many years in business on his own account.

3. As regards Mr. Levy, also, we feel it our duty to observe, that we have no doubt the interest paid to him from 5 to 6½ per cent., as stated in his evidence, p. 127, exceeded the current rate at the time. This is sufficienty apparent, from a consideration of the charges made, at the same dates, by Messrs. R. and W. Hichens and Harrison.[d] Indeed, Mr. Levy himself is anxious to have it understood that these rates of interest were not charged by him, but spontaneously offered by Mr. De Berckem's clerk.[e] On the other hand, however, it is proper to remark,

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[a] Q. 6764.

[b] Accounts, pp. 358, 359, 360. It seems right to notice here that 5½ per cent. was also charged by some of the parties in the first class, viz., by Mr. Simonds and (occasionally) by the Commercial Bank of London. But that rate of interest is less remarkable in their case, because the transactions were less extensive. Mr. Sherman, too, who is in the first class, took 7 per cent., but that was only for a short time, and on a single transaction.

[c] See particularly the accounts of Hichens and Harrison, pp. 246, 365.

[d] See Tables, pp. 247, 251.

[e] Q. 2462.

that the transactions of Mr. Levy, now in evidence before us, are by no means of the same extensive character as those of the other parties above particularized.

CLASS IV.—We now arrive at the consideration of the fourth and last class, in which we place William Mariner, Francis Towneley De Berckem, William and James Morgan, and Edward Lloyd Morgan; for of Rapallo it is, of course, unnecessary to say anything further.

With respect to William Mariner, Francis Towneley De Berckem, and William and James Morgan, it is our duty to state that the evidence in relation to them, and even that part of it (singly considered) which consists of their own statements, some of the most prominent results of which are noticed in the early part of this Report, has impressed our minds with a doubt whether, at the time when the bills with which they are respectively connected, and which now form part of the subject of our inquiry, came to their hands, they did not all suspect that such bills had been obtained by Rapallo through the medium of some fraud. And, on the other hand, we entertain no doubt that, supposing any of them to have been without such suspicion, he is at least chargeable with want of proper caution in having become the holder of the bills under the circumstances detailed in the evidence.

With respect to Edward Lloyd Morgan, we collect that he had no personal interest in any of the transactions in question, and negotiated the several bills which he received from the firm of William and James Morgan in the capacity of their clerk or agent only; though, as between him and the several parties to whom he delivered the bills, he was the ostensible negotiator. His subordinate position with respect to the firm, and the filial relation in which he stood to the senior partner, entitle him in some measure to more favourable construction than the members of the firm themselves. But he was, by his own admission, so well acquainted with the nature and extent of their dealings with Solari and Rapallo, and negotiated so many bills which he knew at the time to have been received from those parties respectively, that we feel ourselves obliged to express the same doubt with regard to him that we have above expressed with regard to his employers. There is, however, one case differently circumstanced from the rest, we mean Case I., in which the firm of William and James Morgan appear to have had no concern whatever, and in which he acted entirely on the private account of Mr. Cook. In this particular case we feel no difficulty in pronouncing Edward Lloyd Morgan clear from all imputation either of fraud or negligence.

Bills not claimed.

It only remains to advert to the bills which are *not* the subject of claim.

There are two different sets thus circumstanced, and their numbers are as follows:—

Nos. 6404—6413, 6415, 6433, 6460—6464, 6494, 8309—8313, 8324—8353, 8383 . . .	54 bills[a]
Nos. 7068, 8377, 8378	3 bills[b]
Total . .	57

The first set were delivered up to the Chancellor of the Exchequer by Mr. F. De Berckem, under circumstances that are detailed in the evidence.[c] They had all been received by him from Rapallo in the course of the transactions between those parties that have been before described, the only distinction among them being that some had been negotiated on behalf of Rapallo and afterwards redeemed, and the rest had never passed out of Mr. De Berckem's hands.

The second set were received by Mr. Tomkins (mentioned in Case I.) from Mr. De Berckem, in the course of the transactions between those parties that are described in the same Case, and were afterwards deposited by Mr. Tomkins with the Bank of England as security for money advanced to him by the Bank. That loan was redeemed on 22nd October, 1841, and Mr. Tomkins received back the bills in question from the Bank, but was requested by Mr. De Berckem to retain them for the present in his own hands, as more particularly stated in Mr. Tomkins's evidence, p. 273; and see Mr. De Berckem's evidence, p. 329.

It may be proper here to subjoin the remark that there are 15 bills (being the

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[a] These are entered in the Schedule to the Act of Parliament under the head of "Instruments, &c., deposited at the Treasury by Mr. De Berckem."

[b] These are not in the Schedule, but have been referred to the Commissioners since the Act passed.

[c] Pages 148, 152.

second set in Case XXXI) on which claim made is to a partial extent only. It is also to be recollected that we have reported against the claim even to that extent. Supposing this to be disallowed, it will follow of course that, in addition to the 57 bills above referred to, there are 15 more in respect of which no loss can accrue to the public, even supposing no question to arise upon any of the other Cases comprised in our Report.

We subjoin a full statement of the evidence which has been taken before us, and which we beg leave to lay before Your Majesty as part of our Report.

All which we humbly certify to Your Majesty, as directed by the Act of Parliament.

DEVON. (*L. S.*)
HENRY J. STEPHEN. (*L. S.*)
ROBT MITFORD. (*L. S.*)

Gwydir House, Whitehall;
2d August, 1842.

FORGED EXCHEQUER BILLS REFERRED TO COMMISSIONERS.

(3 and 4 Vic., c. 106.—15*th March*, 1841.)

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8271	Case XXIV.
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8274	Case XXX.
8275	Case XXI.
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8278	Case XXII.
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8283	Case IV.
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8300	Case XXIV.
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8304	Case VI.
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8314	Case XXIV.
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8324	Report, p. 40.
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8354	Case XXIV.
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8364	Case XXVI.
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8369	Case XXX.
8370	Case XXVI.
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8374	Case XXII.
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8377	Report, p. 40.
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8379	Case XVII.
8380	Case XXVIII.
8381	Case XII.
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8383	Report, p. 40.
8384	Case XXXI.
8385	Case XVII.
8386	Case XIII.
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8388	Case II.
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8401	Case XVI.
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8403	Case XI.
8404	Case XVI.
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8406	Case XVII.
8407	Case XVI.
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8411	Case VI.
8412	Case XVII.
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8417	Case XVIII.
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8429	Case XVII.
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8437	Case VIII.
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8440	Case VIII.
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8445	Case III.
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8447	Case XXIV.
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8470	Case XIII.
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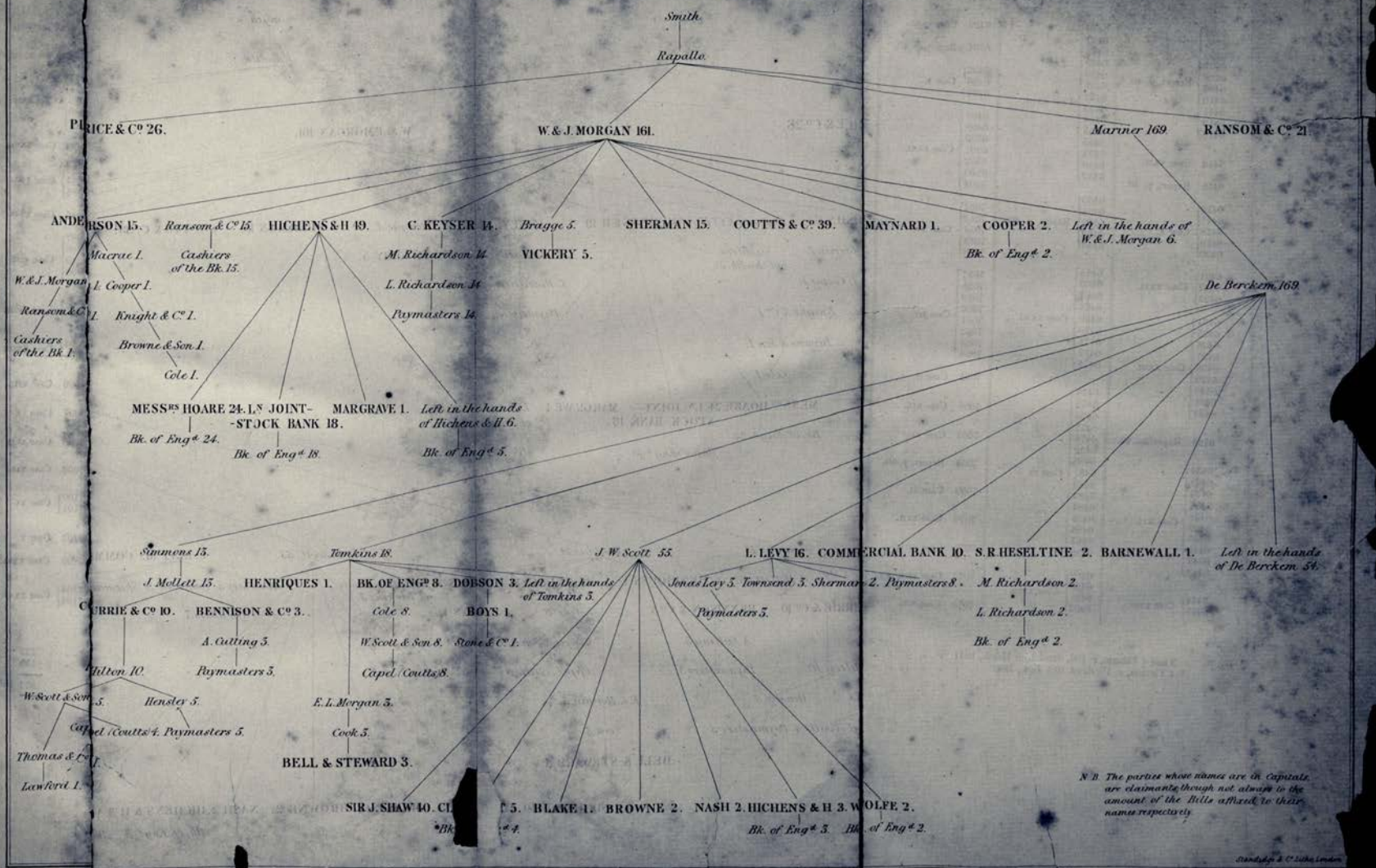
TABLE SHEWING THE CIRCULATION OF THE 377 BILLS REFERRED TO THE COMMISSIONERS.



(4 Vic., c. 19.—16*th June*, 1842.)

6404	Report, p. 40.	6446	Case xxiii.	6493	Case xxxi.	7074	Case viii.
6405		6447				7075	
6406		6448		6494	Report, p. 40.		
6407		6449				7076	Case xxvii.
6408		6450		6495	Case i.		
6409		6451		6496		7077	Case xxiv.
6410		6452		6497		7078	
6411		6453				7079	
6412		6454		6498	Case xxxi.	7080	
6413		6455		6499		7081	
		6456		6500			
6414	Case xxiii.	6457		6501		7082	Case xxvii.
		6458		6502			
6415	Report, p. 40.	6459		6503		7083	Case viii.
				6504		7084	
6416	Case x.	6460	Report, p. 40.			7085	
6417		6461		7052	Case xv.		
6418		6462		7053		7086	Case xxix.
6419		6463		7054			
6420		6464		7055		7087	Case viii.
				7056		7088	
6421	Case xxxi.	6465	Case xxiii.			7089	
6422		6466		7057	Case iii.	7090	
6423		6467		7058		7091	
		6468		7059			
6424	Case xxiii.	6469		7060		7092	Case xviii.
6425		6470		7061		7093	
6426		6471		7062			
6427		6472		7063		7094	Case xxiii.
6428		6473		7064		7095	
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6430		6474	Case ix.	7065	Case ii.	7096	Case xiii.
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6432		6476		7066	Case xix.	7097	Case vi.
		6477					
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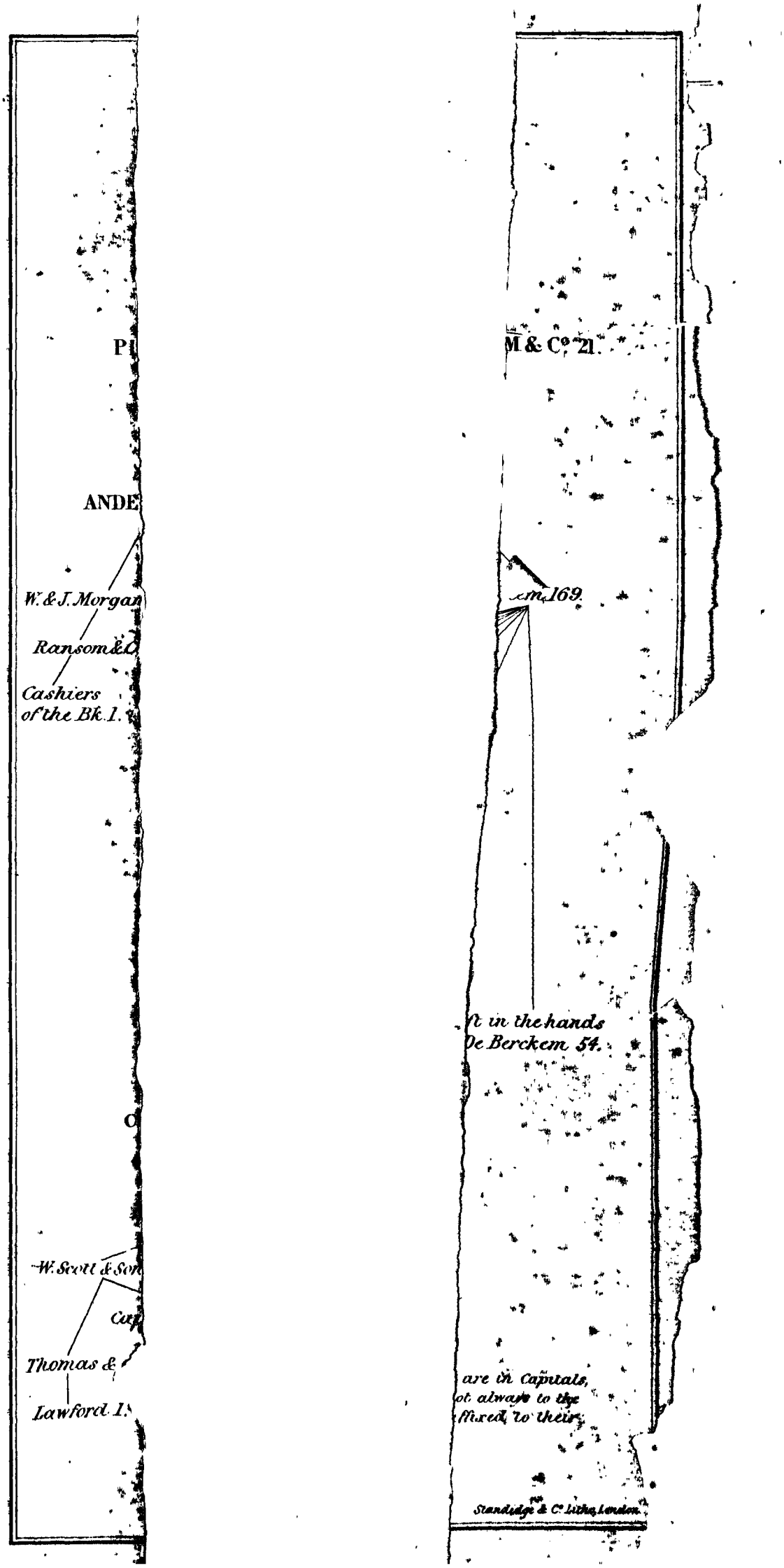
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MINUTES OF EVIDENCE

TAKEN BEFORE

THE EXCHEQUER BILLS FORGERY COMMISSION.

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THURSDAY, 28th April, 1842.

The Right Hon. the EARL of DEVON in the Chair.

Lord Monteagle and Mr. Bulley attended the Commissioners, and Mr. Bulley delivered in 236 instruments purporting to be Exchequer Bills, and corresponding with the description in the Schedule to the Act of Parliament.

SATURDAY, 30th April, 1842.

The EARL of DEVON in the Chair.

The Right Honourable the Lord *Monteagle* examined.

Examinations.

Lord Monteagle.

30th April, 1842.

1. Was it from your lordship that Mr. Bulley received the 236 instruments purporting to be Exchequer Bills which were delivered to us on the 28th instant in your lordship's presence?—It was.

2. How did they come into your possession?—They had been delivered to me by the respective parties to whom the receipts related, and whose names are comprised in the schedule to the Act of Parliament.

3. Some of them I believe are endorsed?—All that were received from private parties bear their endorsement, but the only cases in which there are no endorsements are some of the bills which were received through the Bank of England; but in all those cases, as well those received from the Bank of England as from the Paymasters, there is a regular certificate proving that those are the bills received from them.

4. In the cases where they are endorsed, were those endorsements at the back of the instruments when your lordship received them from the holders?—In all cases the endorsements were upon the bills at the time that I received them. No endorsement was put subsequently to my receiving the bills, to my knowledge.

5. Did you give them over to Mr. Bulley in the same state as you received them?—Several of those bills had been out of my possession in the interval between the time of my receiving them and their going to Mr. Bulley, for they had been required to be produced in courts of justice; and as incident to inquiries preparatory to raising proceedings, they were sent at one time, by direction of the Treasury, to Coutts's house. Those bills which were held by Mr. Capel and others, were produced in the criminal proceedings before the magistrates against Rapallo and against Smith; and they were also produced in a civil action which was brought by the Bank of England against Tomkins. They were also in the hands of Mr. Perceval at different times for the purpose of comparison with the counterfoils; and therefore during those intervals they were, as it were, out of my possession; but during each of those intervals they were in official or legal custody. I have no doubt at all those are the very bills, the same bills which were delivered to me originally.

6. And that they are in the same state in which they were delivered to you?—And that they are in the same state in which they were delivered to me.

7. With respect to the five bills set against the name of Mr. Hensley in the schedule, did your lordship receive them from Mr. Hensley or from the Paymasters of Bills?—They were received from the Paymasters of Bills, being bills delivered to them for the purpose of being funded; but a receipt was passed, nevertheless, to Mr. Hensley for those bills, by desire of the Chancellor of the Exchequer.

8. Do you happen to know why those bills are entered twice in the schedule?—Because two receipts were given for them. They are entered twice in the schedule, but not brought out numerically, expressly to indicate that they are entered twice in order to notify the transaction. They are not brought out to constitute a double liability against the public; the identity of numbers and dates, in fact, protects the public against such a supposition.

9. Was it also from your lordship that Mr. Bulley received the counterpart receipts and copies of the receipts or acknowledgments which he has delivered to us?—It was from me.

10. Were the original receipts given by your lordship to the holders of the instruments?—The original receipts were given by me to the holders of the instruments. That is the form (*producing it*), and the counterparts were kept.

11. Besides those counterfoil receipts, are there copies of memorandums signed by the parties themselves?—There was an instrument called a docket, a mere memorandum of the bills they intended to bring in: all which dockets were signed by the parties themselves, and all which dockets have been transferred to the Audit Office, where they are now.

12. Mr. Bulley put in before us not only those counterpart receipts, but two instruments which purport to be copies of acknowledgments signed by the parties themselves to whom they were given?—There were only two such documents relating to the Bank of England and the Paymasters, between whom and myself the business was carried on on a different principle from that in which I was dealing with private individuals.

13. Those were delivered by your lordship to Mr. Bulley?—Yes.

14. Are those the vouchers which the several claimants ought to produce, or are there any other vouchers they ought to produce to verify their claims to the bills?—I consider it perfectly immaterial whether they produce those documents or not. The use of those documents appears to be the identification of the bills, which is more distinctly proved by the endorsement of the parties on the bills themselves, which is incapable of being mistaken; whereas the vouchers might be made to attach to two bills of the same denomination, and would not fix the identification so well as the endorsement on the bill itself. There is no other record, except the account books kept in my department, which mark the specific bills as being presented at a certain day; all which account books are producible.

Examinations.

Lord Monteagle.

30th April, 1842.

15. It appears by the act of Parliament that the 236 instruments in question have been detained by the Exchequer on the ground of forgery: were any and what part of those instruments genuine?—I consider the paper to be perfectly genuine, the engraving to be perfectly genuine, the seal to be perfectly genuine—all in fact to be genuine in these bills, save and except the signature.

16. In what particular manner have they been ascertained to be forgeries?—As far as knowing them to be forgeries, they have been ascertained by their not being the signature of either of the parties who by law were entitled to sign,—the two parties being the comptroller and the assistant-comptroller. At that period, as at present, I was the comptroller-general; at that period, although not at present, Mr. Dudley Perceval was Assistant-Comptroller. I am enabled to say they are not signed by me, nor were they imitations of my hand-writing, and that I do not believe them to be the signature of Mr. Dudley Perceval. Mr. Dudley Perceval also examined them, and was enabled to say they were not his signature.

17. Have they also been compared with the counterfoils?—Every one of them.

18. Does that constitute another means of ascertaining their forgery?—That constitutes the direct statutable means referred to by the act of the 48th George III., in which the preservation of the counterfoils is directed, for the purpose of guarding the public against forgery; and in the earlier records relating to the office, most of which are reported in the papers before Parliament, it will be seen that the counterfoil, and the conformity and non-conformity with the counterfoil, is usually referred to, as the check against the payment of forged bills. I would wish to refer the Commissioners to the Treasury Warrant, dated the 16th of July, 1696, in which the Treasury direct that the counterpart of the said bills should remain for trying the truth of the original bills whensoever there should be occasion; to the Treasury Warrant of the 26th of April, 1697, which describes the counterparts of bills to be used, as well for trying the truth thereof as for keeping an account of the sums issued thereby; to the Treasury Warrant of the 17th of July, 1713, which directs books to be made of the checks, indents, and counterfoils from which the Exchequer Bills are cut, as well for trying the truth thereof as for keeping an account of the sums issued thereby; and the Treasury Warrant of the year 1745, in which, in like terms, the comparison with the counterfoil is referred to as the test of the genuineness of the bill.

19. Are there any genuine instruments corresponding with those in question in dates, numbers, and other particulars?—There are genuine instruments corresponding to every one of those, many of which have been compared, but I cannot say that all have: that could, however, at once be known by reference to the counterfoils, because, from the first time in which the comparison with the counterfoils has been carried on, my directions were, that the clerk making the comparison should add his initials to the counterfoil, as a proof of the comparison, and that he should make that endorsement in a discriminating manner, so as to show whether it was a genuine bill which was compared with the counterfoil; therefore, by reference to the counterfoils the Commissioners will be able to see in every single case whether a genuine bill has been compared with the counterfoil.

20. In the schedule to the act a second set of instruments is described as returned to the parties, with a notification that they did not coincide with the counterfoils; is that statement that the instruments did not coincide with the counterfoils to be understood of all the instruments specified in that schedule?—In all cases of the 236 bills contained in the first schedule, as well as in the second, the parties were informed of the non-conformity of the bill with the counterfoil.

21. And that non-conformity, in point of fact, existed?—It did exist in every case.

22. A third series is, "A similar statement of instruments reported by the parties to the Comptroller-General, duplicates of which have been verified as genuine;" with respect to that set is it also true that they did not correspond with the counterfoils?—No: Fourteen bills, held by the Commercial Bank, Darville and Scott, have never been produced, although the parties had the same opportunity of having them produced as the others, but they have not produced them; therefore the inference raised upon that schedule is derived from the comparison of other bills of the same date and number which have been produced at the office, and were found to coincide with the account.

23. Why have the instruments mentioned in the second set been returned to the parties instead of being detained?—Because that comparison took place prior to my having received any authority to detain the bills in question. I was at that time only authorised to have the bills compared with the counterfoils, and to inform the parties whether they did, or did not coincide. My duties in that respect being entirely extra-official, being wholly unconnected with my statutory duties as Comptroller-General of the Exchequer, I strictly and accurately limited myself by the instructions which I had received from the Treasury. The 61 bills in the second set, presented by Sir James Shaw and Ransom and Co., were all examined, and returned to the parties with a certificate that they did not coincide with the counterfoils. The parties were afterwards invited to deposit those with me, taking my receipt; but they declined to do so, on the grounds stated in the original correspondence, accessible to the Commissioners. The 61 bills in question were compared upon the 27th of October, and I perceive that the letter which I received from Mr. Goulburn, directing me to detain these bills, bore date upon the 28th of October, and the more regular official authority from the Treasury only reached me upon the 29th of October.

24. With respect to the last set of bills mentioned in the schedule, and said to be deposited in the Treasury by Mr. De Berckem, are the Commissioners to understand that they also do not coincide with the counterfoils?—They all have been compared, and found not to correspond with the counterfoils; but they are not in my possession, but in the possession of the Treasury.

25. In whose name, and by what hand or hands, are genuine Exchequer Bills signed?—They are only signed by the Comptroller or the Assistant Comptroller.

26. In the name of the Comptroller?—They are signed in the name of the Comptroller, that being the provision of the law.

27. In the instruments produced is the signature an imitation of your lordship's handwriting, or of the Assistant-Comptroller's?—It is not in the least an imitation of my handwriting; in no one of those produced is there an imitation of my handwriting. It is an imitation of the handwriting of Mr. Dudley Perceval in the genuine duplicates of those bills. The Commissioners are aware that all the forgeries are duplicates of genuine bills: the duplicates of this particular series of bills having been signed by Mr. Dudley Perceval.

*54. Is that so in every case with respect to the whole 236 instruments?—In every case, I believe, without exception.

55. Upon the whole, is the appearance of those instruments similar to the appearance of genuine instruments?—In every respect, except the signature. They are, in every other respect except the signature, identical.

56. Were those instruments in the form of Supply Bills, or were there other descriptions of Exchequer Bills?—Those are all Supply Bills; we have no evidence of any forgery in respect to any other description of Bills except Supply Bills, nor indeed of the forgery of any bill below the denomination of 1000*l*.

57. Are Supply Bills issued in the first instance to the public or to the public departments?—Supply Bills are, as a general principle, issued only of late years to the Paymasters of Exchequer Bills, but there had been instances of some few Supply Bills being issued to the Bank. By special agreement with the Government when the issue of Supply Bills exceeded the amount of Supply Bills exchanged, they have been taken by the Bank of England into the ordinary supplies of the year, exchanging one description of Supply Bills for another, and that issue, which is the *bonâ fide* issue of Supply Bills of the year, takes place exclusively through the office of the Paymasters of Exchequer Bills, and no such issue can legally take place for exchange except through their instrumentality. My office is the office for preparing those bills, but the issue to the public is the issue by the Paymasters of Exchequer Bills in exchange for the Supply Bills which are returned.

58. Are those bills issued from the Paymasters' Office to the public through the intervention of the Bank, or through the intervention of any other channel?—They are issued directly to the parties themselves, which parties are the holders of the former Supply Bills about to be exchanged.

59. How often are they exchanged or paid off, and at what periods?—They are now paid off twice a-year, in the month of March and the month of June.

60. How long has that been the case?—There used to be three exchanges, one in the months of September or October, and the others in the months of March and June. By an alteration I made when Chancellor of the Exchequer, I reduced the three exchanges to two, which are in March and June.

61. Are there any particular days in these months?—The bills run for a twelvemonth, but there is a little latitude allowed to appoint the exchange, five or six days, as most comports with the public service.

62. Are advertisements issued when bills are to be paid off?—Yes, in the Gazette.

63. How long before the actual time when they are paid off or exchanged?—It is not a fixed time; a time which is considered sufficient notice to all the parties interested; and inasmuch as it is notorious that the bills run only for the year, and the great mass of Exchequer Bills being held by the London bankers, either on their own account or in deposit for other persons, the notice is not a very protracted one.

64. Does it sometimes happen that holders do not bring their bills to be exchanged at the period advertised?—It sometimes happens that the parties lose their interest, which occurs at times from ignorance or inattention. Bills stand out for a very long period. Upon the late exchange and examination of Exchequer Bills, a bill was brought to me which had out-stood from 1825, and the party was very much astonished and disappointed when he found that he had lost his interest for the period. That was because of ignorance.

65. In that case would the party be allowed the option of having his bills changed?—He would be allowed the option of taking a new bill in exchange, or of taking the money.

66. Is it usual for numerous bills, or bills for a very large amount, to be presented in the hands of private holders?—Bills are finally presented by the great banking houses, and those are presented in enormous masses, many millions; of course a private holder has a perfect right to apply for his bill or money in lieu of his bill, but, generally speaking, from motives of convenience in the transaction of business, the transactions of Exchequer Bills are conducted by the bankers.

67. Are Supply Exchequer Bills always issued on the day they bear date?—They are issued on the day they bear date.

68. It appears that they purport to be payable to blank or order: where the blank is not filled up, are they payable according to the course of the Exchequer to bearer?—They are payable by the course of the Exchequer to bearer. The blank is occasionally filled up, and can be filled up by the holder of an Exchequer Bill; if he wishes to constitute it a specific bill payable to the party only, he fills up the blank, but those are of less current value in the market, for they can pass only by endorsement, for there may be a necessity of proving the integrity of all the endorsements; in the bills in the hands of the Scotch banks frequently the

* There is no omission here. The break in the numbering arises from a mistake in the copy sent to the printer.

Examinations.

Lord Monteagle.
30th April, 1842.

blanks are filled up, but they are made use of for the purposes of exchange between bank and bank rather than sale in the market.

69. Are they ever presented with an endorsement if the blank is not filled up?—No, not often. In the present case I required the parties to endorse the bills, against which they very strongly remonstrated. The object of requiring that endorsement was simply the identification of the bill; that particular bill remained in my possession for a certain number of hours, and inasmuch as the forged bills were duplicate numbers, in order to insure to each party the return of the very same bill he had given to me, I required that it should be endorsed, but it was frequently endorsed not with the name of the owner of the bill but with the name of his clerk, or, in some instances, the initial was put upon the bill instead of the name, the bankers of London objecting in many instances to putting their names on bills, lest those bills passing into the hands of other parties in the market, and becoming deposited as securities for loans, it might be erroneously inferred that those loans or this accommodation was sought for by the banking-house whose endorsement appeared upon the bill.

70. Was it always the name or the initial of the very person whose hand presented the bill?—It was in most cases; I am not quite sure that it was in all cases; but it was competent to the holder to endorse all his bills and to bring them to my office with the endorsement upon them. My object was equally secured by having a known endorsement which the party receiving back the bill would recognise as being a proof of the identity of the instrument.

71. Your lordship is understood that the bills returned to the parties would have an endorsement at the back of them?—Yes.

72. And those that have been detained also?—Yes; with the exception of the two classes of bills I have adverted to, namely, those presented by the Bank of England and by the Paymasters of Exchequer Bills.

73. Is there any endorsement on those deposited by Mr. De Berckem?—Those have not been in my possession; they are in the hands of the Government; but they have been all compared at my office with the counterfoils, and have also been submitted to Mr. Perceval, who declared that the signatures to them were not his.

74. When a bill is filled up, it is payable only to the party named, or his endorsee?—Certainly.

75. After a bill has been issued from the Exchequer, it does not return to it again until presented by the owner for the purpose of being exchanged or paid off?—It does not under any ordinary circumstances whatever. In the course of these frauds there have been stated to have occurred applications to the Exchequer Bill Office and to the Paymasters with respect to the genuineness of certain bills; but they are not delivered to the Exchequer Bill Office for the purpose of exchange or payment until the period when the bill is due; for such a purpose the Commissioners will understand not the Comptroller-General's Office, but the office of the Paymasters of Exchequer Bills, as no bill is liable to be presented at my office either for exchange or for payment, neither is any clerk in my office the proper person for the issue of any one Supply Exchequer Bill, save and except the peculiar sort of issue to the Bank of England itself.

76. Do you know whether any account has been kept of such applications to ascertain wha number of bills were given, by what parties, and at what time?—Upon the face of the correspondence in the office there is a case of that description, which has been investigated and reported to the Treasury. There were, I think, two such instances; those instances never were brought before me, no application ever having been made under any circumstances to me with respect to the genuineness of any Exchequer Bill. In one instance it appears that application was made to Mr. Eden with respect to the genuineness of a signature of my own; the signature was genuine, but the ink had failed in writing the name, and the parties applied for a more perfect Exchequer Bill to be given them, which was done; that was the proper way of applying to the office, but it was the only instance in which, to my knowledge, such an application has been made; and up to the period of these forgeries, as far as I can learn from persons of the longest experience in the office, no such application ever once had been made.

77. To what office were those applications to ascertain the genuineness made?—I am not aware that any such applications were ever made as far as I can understand up to the period of these frauds; none, to my knowledge, or as far as I can learn from the testimony of others who have been for the longest period conversant with Exchequer Bill proceedings.

78. Your lordship was understood to say that such applications have been made since?—There have been.

79. At what office?—I have stated that those applications never were made to me, nor communicated to me by the clerks to whom they were made, until after the discovery of these frauds. I endeavoured to obtain the best information I could upon the subject, and that information I communicated in a Report which I made to the Treasury, which is before the Commissioners; the regular mode of applying to my office on such matters was by letter to the Comptroller-General; no such letter has ever been addressed except in the case of the inaccurate signature to which I have referred, which was genuine, though inaccurately written. The case to which I particularly refer is the case of the London Commercial Bank, the particulars of which will be found in my letter to the Treasury and its enclosures of 1841. In that case an application had been made both to the Paymasters' office and to the office of the Comptroller-General; but in both instances it had been made in a very irregular manner; it never was addressed to the head of the office, never was brought under the cognizance either of the Paymaster or of the Comptroller-General, and is to be taken merely as a communication between the clerks of these two respective offices and persons who came in to ask them questions. The particulars of the examination will be found in the correspondence, which, however, is to be considered as only an *ex parte* statement of the clerks. Another similar application was made by Mr. Hichens, I believe.

80. Can your lordship state at what time they were made?—I cannot; no application of that description having been made regularly, or brought directly or indirectly before me as Comptroller-General.

81. Is there any reason to believe that any forged Exchequer Bills have in fact been received as genuine at the Paymasters' office, and if so, will your lordship point out which those bills are?—The whole number received by the paymasters may comprehend certain bills which were presented, but which were detained, and other bills which were presented, but for which stock was given, and consequently which have remained in their custody after the stock of which those bills were the representatives had been created. By a letter to the Chancellor of the Exchequer, which is entered on the minutes of my office, dated the 27th of October, I find that at that date 25 bills for 1000*l.* each had been then paid in, in part of the loan. What additional number were so paid in I am not able to state with accuracy, but the Commissioners will have no difficulty in obtaining that information from the paymasters.

82. The proper officers from whom to inquire what bills have been paid as genuine, will be the paymasters?—Certainly.

83. When was your lordship first informed of the frauds which had been committed?—I was first informed of the frauds by a message from Mr. Goulburn, on Monday the 25th of October. I had been at the office in the early part of the day, and inquired whether there were any papers which required my direction; I was informed there were none. I drove out of town for a few miles; and while I was there paying a visit, I received a note from Mr. Goulburn, requesting my attendance in Downing Street. I attended immediately; and there to my astonishment I found that Mr. Smith had confessed these frauds, and was then in custody. That was on the evening of the 25th.

84. Was the discovery kept secret for a time among the heads of the department, or did it become generally known at once?—Whatever information had reached the Government prior to the 25th, was kept so entirely secret, that it never reached me. It might have been communicated to the heads of the departments of the State, but it was never communicated to me; but when it was made known to me it was a matter of perfect notoriety, inasmuch as Mr. Smith had made his confession to Mr. Maule, in the presence of Mr. Wood, the accountant of the paymasters, and was in the custody of the police.

85. Does your lordship happen to know when Smith was taken into custody?—On the 25th. There had been some prior communications between the Treasury and Mr. Smith, I believe in the week anterior; but no intimation was given to me upon the subject, nor do I believe that Mr. Smith was in the slightest degree suspected by any person until he made his confession on the 25th.

86. When was authority first given to your lordship to detain the bills which should be found spurious?—The first authority was given to me by the Chancellor of the Exchequer, in a semi-official letter, bearing date the 28th of October, 1841, which letter is to the following effect:—"It appearing to me to be of the greatest importance, under present circumstances, to detain at your office any Exchequer Bills which may be presented for verification, and found not to correspond with the counterfoils, I have to request you will keep possession of any such bills which may be so presented, giving to the parties an acknowledgment of your having done so. As I find that bills have already been presented, and found defective in that respect, I have to request your lordship to apply to the several parties by whom such bills have been presented, and to whom they may have been delivered, to return them to your lordship, giving them the same acknowledgment as they would have received had they been presented for verification at a subsequent period." On the 26th there had been an intimation to me, by the Chancellor of the Exchequer, that parties might apply at my office, the counterfoils having been brought back from the office of the Paymasters to the Comptroller-General's, at the desire of the Chancellor of the Exchequer, that such bills as were presented should be compared with the counterfoils, and that parties should be apprized whether they coincided or not; but I had at that period no authority to detain them. The regular official authority to detain them came on the 29th of October, but there had been previously a semi-official communication on the 28th.

87. Were advertisements issued calling on the public to bring in the Exchequer Bills that were in circulation to be examined?—They were issued on my receiving the Treasury letter of the 29th, the substance of which had been previously communicated to me privately by the Chancellor of the Exchequer. I was enabled to take all my steps by anticipation, and the notice appeared contemporaneously with the receipt of the authority, namely, on the 29th. The Government notice bore date Downing Street, on the 28th of October, namely, the night of the 28th, appearing on the 29th. My notice to the public appeared upon the 29th, bearing date the day upon which it appeared.

88. Was this notice in the Gazette?—There was a notice given in the newspapers on the morning of the 29th. My communication was sent at once to the Bank of England, and in the usual manner to the Stock Exchange, and was also communicated to the public by posting bills, and appeared in the newspapers of that evening, and was repeated in the subsequent newspapers.

89. The first notice of any kind given to the public was on the 29th?—Yes.

90. Is there any account or document showing the particular period at which the different Exchequer Bills were brought in to be examined?—The counterfoils, with the receipts which are given in, will show the date at which each of the classes of bills to which each receipt applies was delivered in to me; and my own books will show not only the dates at which those forged Exchequer Bills were presented, but the date at which every Exchequer Bill was presented to me for examination.

91. Would there be any document to show when the bills were brought to the office?—The

Examinations.

Lord Monteagle.
30th April, 1842.

one was very nearly contemporaneously with the other. In the commencement of the inquiry there happened to have been a number of persons in attendance whose business could not be discharged the first or second day, the establishment of the office being very slight, and the number of the applicants very great; but the parties actually bringing their bills themselves were in no instance delayed beyond the day on which they brought their bills, or the day following, therefore the date of the receipt is in almost every instance the date of the application.

92. Of the Exchequer Bills in circulation at the time the advertisements were published, are there any portion which have never been brought in?—There were a considerable proportion, though not more, or rather less, than the average amount which are left outstanding after every exchange.

93. Is your lordship aware of any circumstance to account for their not being brought in?—In respect of the smaller denomination of Exchequer Bills, there having been no attempt at a forgery of them, it was considered by many persons that unless they intended to sell their Exchequer Bills it was going through a needless trouble to have them compared. There was also a class of holders who, having obtained their bills direct from the Paymasters of Exchequer Bills on the previous exchange, felt no apprehension that their bills were forged, there having been no instance of a forged bill having been issued through the only legitimate channel for the issue of those bills; and there might have been other motives which induced other parties to retain the bills in their possession.

94. After the examination of the bills what course was taken with respect to those found to be genuine?—They were transmitted by me in a locked dispatch-box, under the care of a confidential officer, either the Assistant-Comptroller or a gentleman who has acted on my behalf as private secretary, and who had been my private secretary as Chancellor of the Exchequer, and taken in the locked dispatch-box to Somerset House. Of that box I had one key, and the officer of the Stamp department had another. The box was then opened; each packet of bills was accompanied with a schedule of the number and denomination of the bills. They were then, in the presence of my messenger and of the officers of the Stamp department, all stamped. They were replaced in the box, that box was locked, was brought back to me, the number of bills counted over again by me. The parties then attended, either on the evening of that day or the evening of the day following, bringing my receipt I had given them for the bills. The bills were then counted over again by them—the stamped bills—the receipts were returned to me as an acknowledgment of the receipt of the bills, and the transaction was closed.

95. Those found to be spurious were detained?—Yes; a receipt being given for them in the same manner as for the genuine bills, and with a perfect understanding that those bills would be producible for the parties if they chose to institute any proceedings, whether civil or criminal.

96. How long had Beaumont Smith been in the office when the fraud was discovered?—I think between twenty and thirty years. He had been senior clerk of the department at the time I was Chancellor of the Exchequer. He was continued in the discharge of the same duties, and in possession of the same office, on the ground of his previous services, and of the irreproachable character which up to that period he had borne. He had been appointed by the late Lord Grenville, in whom the appointment of the whole of the officers of the department vested under the old constitution of the Exchequer. All the officers of the department were taken from the old Exchequer.

[*His Lordship withdrew.*]

Adjourned.

MONDAY, 2nd May, 1842.

The EARL of DEVON in the Chair.

Ashburnham Bulley, Esq., was called in, and, having been sworn, was examined as follows:—

A. Bulley, Esq.
2nd May, 1842.

97. Are you chief clerk in the office of the Comptroller-General of the Exchequer?—Yes.

98. Are the 236 instruments delivered by you on the 27th of April last to the Commissioners in the presence of Lord Monteagle the same as are described in the schedule to the Exchequer Bills Forgery Act as presented at the office of the Comptroller-General of the Exchequer for examination?—They are.

99. How did they come into your custody?—They never have been in my sole custody; they were placed in the joint custody of the Assistant-Comptroller and myself by Lord Monteagle about three months ago.

100. Where were they deposited, and how have they been kept?—They were deposited in an iron chest in the office for issuing Exchequer Bills.

101. Under what lock and key?—Under two distinct locks and keys; and the box in which the bills were deposited was locked, and the key in the possession of the Comptroller-General.

102. Was one of the keys kept by you?—One of the keys of the chest was in my possession, and the other in that of the Assistant-Comptroller.

103. Were they taken out of the chest by yourself?—They were taken out of the chest by me in the presence of Mr. Eden, the Assistant-Comptroller, who held the other key.

104. Do you believe them to have been in the same state when they were delivered by you to the Commissioners, as when they were delivered to you by Lord Monteagle?—They were.

[*The Witness withdrew.*]

Adjourned till to-morrow at a quarter before 11 *o'clock.*

TUESDAY, 3rd May, 1842.

The EARL of DEVON in the Chair.

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The Right Honourable *Henry Goulburn*, Chancellor of the Exchequer, sworn and examined. Chancellor of the Exchequer. 3rd May, 1842.

105. Will you be pleased to inform the Commissioners when you first became apprized of the Exchequer Bill fraud, and by what means?—I received on the 19th of October a letter from Mr. David Haes, requesting a few minutes' conversation with me, "as the importance of his communication relative to what is going on in the Exchequer Bill market is such that he is led to imagine the Chancellor of the Exchequer will not think his time lost if he devotes it to this communication." I saw him on the following morning.

106. Is he a banker?—No; he is a stock-broker, at No. 15, Throgmorton-street.

107. It soon became fully known that a fraud of that description had taken place?—On the day following I immediately sent for Mr. Maule, the Solicitor of the Treasury, and consulted with him as to the course to be taken with a view to detect the transaction. Mr. Haes told me, either on that day or the subsequent day, that he had had communication with Mr. Maubert, also a stock-broker, from which he learnt that Mr. Maubert had had a transaction some long period before with persons in the City, which led him to believe that forged Exchequer Bills had been deposited with him. The transaction was of such a character that he had taken a note of it. I then sent for Mr. Maubert, or Mr. Haes sent him to me. I saw him. He gave me the numbers of Exchequer Bills some time back, which he apprehended had been improperly deposited with him. On tracing them at the Audit Office, it appeared that bills of those numbers had been funded before the bills of the same numbers were given to Mr. Maubert; and through that medium we traced those bills as forgeries; and having then sent for one of the parties, Mr. De Berckem, from whom we found those bills or other bills of a similar character had proceeded, he gave us certain bills in his possession, and on comparing them, on the Monday morning following, at the Exchequer Bill Office, they proved to be forgeries, and we then apprehended Smith.

108. Are the bills received from De Berckem the bills mentioned in the last set of the schedule of the Act of Parliament?—They are.

109. The whole contained under the head "A statement of instruments purporting to be Exchequer Bills for 1000*l.* each, deposited at the Treasury by Mr. De Berckem?"—Yes; I think from 6404 to 6413 were the bills delivered to Mr. Pemberton, on which we made our first discovery.

110. From the official inquiries you have had occasion to make into this matter, do you see any reason to believe that any of the Exchequer Bills issued in June or March, 1841, by the paymasters of Exchequer Bills from their office, were other than genuine?—No; there is not the least indication of any forged bill having been issued by the paymasters of Exchequer Bills.

111. As to the forged bills, is there any reason to suppose that any other officer of Government, except Beaumont Smith, was concerned in the forgery or circulation?—I have no reason to believe that any other person was.

112. Has any correspondence passed between yourself, as Chancellor of the Exchequer, and any of the individuals claiming, or connected with, the forged bills, or their solicitors or agents?—There has been at different times a good deal of correspondence from persons claiming.

113. Can you favour the Commissioners with that correspondence?—I think it took place with the Treasury rather than with myself; but it shall be looked out and forwarded to the Commissioners.

[*The Witness withdrew.*]

Various papers were at a subsequent period of the day received from the Chancellor of the Exchequer.

Matthew Marshall, Esquire, Chief Cashier of the Bank of England, sworn and examined.

114. There are certain instruments in the schedule which are set against the name of the chief cashier of the Bank of England, and others against the Bank of England. Do you give an account of those instruments?—Yes. M. Marshall, Esq.

115. Do you give an account of any others than those contained in the schedule?—Yes. I shall have to speak to those under the head of "Paymasters of Exchequer Bills," which came to them through the Bank of England, and with regard to 8000*l.* forming part of Coutts's list.

116. Will you have the goodness to go through those instruments in the order in which they stand in the schedule, and explain the nature of your connection with them?—In the first place, with reference to the 16,000*l.*, they were handed over to me by Mr. John Squire, of the house of Ransom and Company, on the 28th of October, 1841, at the Bank of England, as a full payment of eighty per cent. on a subscription of 20,000*l.*, the first instalment of twenty per cent. having previously been made.

117. They were tendered to be funded?—Yes; tendered with the scrip receipts.

118. Was the operation of funding going on at that time?—Yes; it began on the 27th of

• Examinations.

M. Marshall, Esq. 3rd May, 1842.

September, and therefore was in the course of operation. The parties have a right to tender one half in Exchequer Bills and one half in money.

119. When did the public first have notice that the tenders would commence?—Some days previously to the 27th of September; the first date of the Resolution of the House of Commons was on the 27th of September. Previous notice had been given; the parties came in and requested to become subscribers towards this funding, and tendered the twenty per cent. as the first instalment. That was anticipatory previous to the Resolutions.

120. What was the earliest period at which the parties could have come in to fund?—I think it must have been about four days previously to the 27th of September.

121. That was the earliest period at which anybody could have come in with Exchequer Bills to be funded?—Exactly so.

122. Will you have the goodness to state the nature of the operation of funding?—In the first place, Government address a letter to the Bank of England requesting them to give notice at the Stock Exchange, in the usual way, that the First Lord of the Treasury and the Chancellor of the Exchequer are desirous to fund a certain portion of the outstanding bills; that books will be opened at the Bank of England to receive the names of subscribers from such a day; that the first instalment of twenty per cent. was to be made in Exchequer Bills, or in Exchequer Bills and money, not exceeding one-half in money, at the time of subscribing, the remaining four instalments to be paid at certain periods pointed out by the notice. Books are opened accordingly, and the names of the parties taken; their letter of request to become subscribers is accompanied with a sealed parcel containing the Exchequer Bills, or the Exchequer Bills and money, supposing it is half in Exchequer Bills and the remainder in money, as a deposit. Those books continue open till the last day. When the subscription is completed, immediate steps are taken to make out scrip receipts to be delivered to the subscribers. When the Act has received the royal assent, those scrip receipts are delivered over to the parties. There is an assignment attached to each receipt on the signing of which by the original subscriber they become transferable from hand to hand, as a cheque which requires endorsement. Those receipts are subsequently brought by the person to the Bank, either for the second instalment, or to pay in full with a view to his obtaining the corresponding amount of stock; and this transaction was of that nature. Mr. Squire brought in scrip receipts to the amount of 20,000*l.*, on which the first instalment of twenty per cent. had been paid; and he says, "Here are 16,000*l.* Exchequer Bills, which will make the full payment."

123. Do those frequently pass through several hands?—In many instances the receipts are paid in full by the original subscriber. He produces the scrip receipts.

124. Are those scrip receipts now in the Bank?—Yes; because the funding is completed, and, consequently, those very receipts must have been paid in full by some other means. Whether Mr. Squire paid the same receipts in full or not I cannot tell at the present moment. Those receipts would have been passed through the books of the Bank of England in the usual way, and returned to the party but for the suspicion of forged Exchequer Bills in the market; but the Exchequer Bills having been detained by the Comptroller of the Exchequer as not agreeing with the counterfoil, the receipts were returned to him.

125. It was not treated as a transaction to be proceeded with?—Just so; the receipts being left at the Bank until the Exchequer Bills had been examined.

126. Are you able to state how many Exchequer Bills had been funded before Squire's were brought in?—Up to the 27th of October, inclusive, the date previous to this transaction, we had received and delivered over to the paymasters of Exchequer Bills 1,939,600*l.*

127. Were those of the issues of the year 1841?—They were either March or June Bills, 1841, forming the issue under the 3rd and 4th of Victoria, cap. 106, or the 4th of Victoria, cap. 19, embracing both, of course.

128. Can you state the date of the discovery of the fraud which became public in the latter end of October?—I should think about the 27th of October.

129. Can you state what amount of Exchequer Bills of the issues of that year had been funded up to the 21st of October?—1,793,900*l.*

130. What was the whole amount subscribed to the Funding?—3,544,000*l.*, up to the 7th of September, which was the last day for subscribing.

131. There was, of course, a great amount of Exchequer Bills paid in in the course of this operation?—Yes; I think very nearly three millions. When Exchequer Bills were at a premium below 12*s.*, of course the parties would bring in Exchequer Bills, because every party who made money payments had to pay 12*s.* for every 100*l.*, to place the money payments on a par with the Exchequer Bills. I do not think there was more than 500,000*l.* or 600,000*l.* in money. The total amount of these documents in my hand will give the sum if it is desired.

132. Will you have the kindness to state the general course of the transaction?—Up to the afternoon of the 27th of October not the smallest suspicion, I believe, existed in the mind of any one, that any bills of a doubtful character had really found their way into the market, and therefore up to this period there was no reason why we should deviate from that which had been the usual course in all funding transactions; that is, to afford the greatest possible facility to parties making their payments, of getting their stock in exchange for those payments.

133. Have the goodness to state what that course is?—The usual course is this: the party brings his scrip receipts. I will suppose that the case of Mr. Squire had occurred the day before: he would have handed over the 16,000*l.* Exchequer Bills; I should have taken them, passed the scrip through the books in the usual way, entered them up as full payment, and delivered the receipts over to him, taking his receipt. He would then take them into the

Stock Office, and say,—I want to write these in. I am entitled to so much stock; here is the cashier's receipt for the whole of these instalments, and I want to write them into the name of whoever it might be, whether himself or a client. He would then have the stock, and on the following day, or under an arrangement between me and the paymasters of Exchequer Bills, that I should deliver to them once or twice a-week any Exchequer Bills received on account of the funding, I should have delivered the Bills in question, and they would have given me an acknowledgment for them, a certificate that I had so done, and these are the acknowledgments that I have from the paymaster of Exchequer Bills for the bills so delivered in under this funding.

134. Would an entry be made in the Bank books of the particular person from whom a particular Exchequer Bill had been received?—Yes; this book contains an entry of 33,000*l.*, under the head of the Paymasters of Exchequer Bills; and as I refer to the numbers, 8275 and 8277, this is an entry made at the time, dated the 15th of March. There was a 200*l.* which turned out to be a genuine bill; those are for the second, the third, the fourth, and the fifth instalments. The scrip receipts themselves are entered in another book. We keep an account with the Government and the Audit Office for each instalment, and we insert the name of the party, and the amount of each instalment, and the individual who had sold the stock.

135. Do you enter it in the name of the party who presents the Exchequer Bill, or the name of the party in whose name he makes the payment?—Both, as regards the scrip receipts, but only the name of the individual that brings the bill in the case of the Exchequer Bill. I am obliged to turn to another book to show that the instalments have been regularly paid

136. Are the bills, after being so funded, sent to the Paymasters' Office to be cancelled?—They are sent up to the paymasters of Exchequer Bills. The Act states that the cashier or cashiers of the Bank of England shall pay the money into the account of Her Majesty's Exchequer, and deliver over the Exchequer Bills to the paymasters of Exchequer Bills. There is, generally, an arrangement between us to deliver them in about twice a-week.

137. When an Exchequer Bill is presented at the Bank under such circumstances, is there any means at the Bank of testing its genuineness?—None whatever.

138. Is there any other point of view in which you think that the holder of a forged Exchequer Bill would be safer, in presenting it at the Bank to be funded, than in bringing it in to the Paymasters' Office to be exchanged or paid off?—I think it would make no difference.

139. By the 28th of October, when those Exchequer Bills were presented by Mr. Squire, suspicions had been excited at the Bank of the existence of the fraud?—There was no doubt there was a fraud of some kind, but not the smallest suspicion existed that there were forged bills circulating; indeed, up to that moment, nothing had occurred which appeared to warrant the Bank in disturbing the usual course in regard to funding. The first suspicion which was created, I think, was the day before the article in the 'Times' newspaper. It was mentioned to me by a very leading man in the City; he said, "Mr. Marshall, there is something going on in the Exchequer Bill market which I cannot understand. I hope it will not turn out very bad. I have had my eye upon it for some time." But all I could learn was, that there were certain parties in the City borrowing money to a very large extent, and at a rate of interest beyond the usual rate of interest, and that the Exchequer Bills, whether good or bad, were pledged to particular parties, with a clear understanding that those identical bills should be delivered back; therefore there was not the suspicion that those bills were in circulation; those were the mere rumours of the day.

140. Did this transaction pass in the usual course?—No; on the 27th of October, in the latter part of the day, the Chancellor of the Exchequer wrote to the Deputy Governor of the Bank, to state that he thought it was necessary that we should exercise a little more than the common amount of vigilance, with regard to any bills to which suspicion might attach. The answer of the Deputy Governor was, that as we had no means whatever to enable us to distinguish between one bill and another, the only thing we could do was to take in the Exchequer Bills, but not pass the transaction in the usual way till those bills had been confirmed by a reference to the Comptroller of the Exchequer. This transaction with Mr. Squire was one amongst a number of transactions on the 28th of October. He came in the morning and offered these 16,000*l.* bills as for payment upon 20,000*l.* scrip. He was told that nothing could be done in the transaction till the bills had been confirmed by the Comptroller of the Exchequer. In consequence of that I took those bills and others, and went up myself to the Comptroller, and they were detained as not agreeing with the counterfoils. I have the Comptroller's certificate: "By authority of the Lords of the Treasury, received from Mr. Thomas Hodgkinson—(Mr. Hodgkinson is one of our clerks whose business it is to go down to the Exchequer)—two instruments, purporting to be Exchequer Bills, which, on comparison with the counterfoils, are not found to correspond, the same being detained by me, by authority of the Lords of the Treasury." Signed by Lord Monteagle.

141. If you had not received the intimation you have spoken of from the Government, which induced you to deviate from your usual course of practice, was there anything in this transaction which would have led you to deviate from your usual course?—Nothing whatever.

142. Did any particular circumstances of suspicion attach to those bills brought in by Mr. Squire?—None whatever.

143. Has Mr. Squire's transaction been completed?—The transaction, as to the funding, has been completed by either genuine bills or money, but he is 16,000*l.* minus.

144. He is, as far as you know, the owner of those Exchequer Bills now, presuming them to be genuine?—Yes.

Examinations.

M. Marshall, Esq.
3rd May, 1842.

145. To whom was the voucher, in respect of those 16,000*l.* bills, given?—Lord Monteagle's receipt, of a similar nature to that I have just read, of his having detained the bills, was delivered to Mr. Squire on the 30th by me, having been previously given to me as the depositor of the bills.

146. Was the receipt so given to Mr. Squire under the signature of Lord Monteagle?—Yes.

147. Does it occur to you to state anything further with respect to those sixteen bills?—Nothing more occurs to me.

148. Do you know whether Mr. Squire was the original subscriber in this case or not?—I cannot charge my memory with that, but I will ascertain the fact.

149. Mr. Squire is the only party of whom you have any knowledge in connexion with these sixteen bills?—The only party.

150. Are you aware of the reason why some of those instruments are put down in the schedule against your name as chief cashier of the Bank of England, and all the others against the Bank of England?—There is no reason whatever.

151. They were all deposited by you in the Government Office?—Yes, the whole of them.

152. How is the name of Squire entered in the Bank-book as the party who left those Exchequer Bills?—When we had determined not to pass them regularly through our books as an ordinary transaction, I had a subsidiary book of the same kind, in which they were entered in the first instance precisely in the same way.

153. That was merely in the nature of a memorandum-book?—Entirely so.

154. Will you proceed to the other bills?—With regard to the other bills, 56,000*l.* out of the next 60,000*l.* are precisely in the same situation as Mr. Squire's.

155. You speak of the 60,000*l.* placed under the name of the Bank of England?—Yes.

156. The 56,000*l.* refers to all but the last 4000*l.*?—Yes; 8307 and 8308 were delivered to the Bank under precisely the same circumstances by John Holderness; and I have ascertained, since I was here on Saturday, that he tendered them for Wolfe, Brothers, and Company, 23, Change-alley. That is information I have subsequently ascertained by inquiry. As far as our books are concerned, they simply stand John Holderness, and they were delivered on the same day.

157. When you say they stand under the same circumstances, do you mean that they were delivered in in payment of Scrip?—Yes.

158. Was that in the nature of a further instalment?—Whether it was tendered as a full payment I cannot exactly say, but it was in payment of a subscription; in point of fact, they were delivered to be funded.

159. Has that funding since been completed by payment in another way?—Yes; whether by him or not I cannot say.

160. The whole funding operation under that particular resolution and order has been completed?—It has.

161. How were those bills dealt with by the Bank?—Precisely in the same way.

162. Did you deliver receipts for them to John Holderness?—No, in consequence of the Comptroller of the Exchequer having given one general receipt, I gave him a copy of that, as it regarded the 2000*l.*; but the Comptroller has since, at my request, exchanged his original receipt for seven receipts, in order that I may, when John Holderness claims the receipt of me, deliver it to him.

163. In point of fact, you have a receipt in your possession which is deliverable to John Holderness?—Yes, that is the receipt for the very bills (*producing it*).

164. John Holderness is entitled to that receipt?—He is. The only certificate that John Holderness at present holds is a certificate from me that I have in my possession a certificate of the Comptroller of the Exchequer. The next bills are from bills 7052 to 7055. They were brought under precisely the same circumstances, as a payment by G. B. Clapcott, whose address I have since ascertained to be Sidney Place, Bath; and he has no document, I think, whatever.

165. Have you any receipt to which he is entitled?—I have the receipt here (*producing the same*).

166. Were the bills brought in by Clapcott brought in to be funded?—They were.

167. And they were dealt with in the same way as those of Squire and Holderness?—Yes.

168. What was the date of Holderness's bills being delivered?—The 28th.

169. On what day were Clapcott's delivered?—On the same day. Then there are 7069, 7067, and 7097; those were delivered to the Bank to be funded, by Frederick Harrison, of the Stock Exchange, on the 28th of October.

170. Has he a receipt?—Frederick Harrison has claimed the Comptroller's receipt, and it has been delivered to him by me, on the 27th of April, 1842. The next parcel will be 32,000*l.*, beginning at 6434 and ending at 8462 in the Schedule. Those were delivered by Messrs. Hichens and Harrison of the Stock Exchange, on the 28th of October, 1841, to be funded, and were funded under precisely the same circumstances with the preceding.

171. Have they had the receipt?—The receipt for the first 18,000*l.* of those; that is, beginning at 6434 and ending at 8410, was delivered by me on the 26th of April, under the order of Messrs. Hichens and Harrison to Mr. Pollard, on behalf of the London Joint Stock Bank, whose bills they were, as I understand. Then as to the 29,000*l.* immediately following, beginning at 7070 and ending at 8462, the Comptroller's certificate was delivered by me to Messrs. Hoare, the bankers in Fleet-street, on the 26th of April, under a written order of Messrs. Hichens and Harrison.

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172. Is Frederick Harrison a partner with Hichens?—Yes; there are 50,000*l.* altogether. Then the next are Nos. 8411, 8463, 8304 to 8306, forming five bills. Those were delivered by the same Frederick Harrison on the 28th of October, 1841, to be funded, and the Comptroller's receipt for those were delivered to Mr. Harrison, on the 27th of April, by me.

173. All those transactions to which you refer appear to have taken place under the same general circumstances, and to be of the same general character?—Just so.

174. Will you proceed with the remaining instruments?—The next 4000*l.* stand under rather different circumstances; 7066 and 7099, two bills, were funded on the 27th of October, 1841, and followed the usual course on such occasions. The transaction was regularly passed through the books, and the Scrip receipts delivered to Mr. Richardson; he put them into stock, and transferred that stock on the same day.

175. Mr. Richardson got stock for his Exchequer Bills?—That transaction, as far as Mr. Richardson is concerned, is a complete transaction.

176. And paid for by the Exchequer Bills he delivered?—Yes. 7100 and 7101, the two next numbers, are funded by G. E. Cooper, Stock Exchange, on the 23rd of October.

177. Are the circumstances the same with respect to Cooper as with respect to Richardson?—Yes, he had the scrip delivered to him in the usual way; he wrote it into stock, and transferred the stock on the same day.

178. All these appear to be entered to the Bank?—I will explain that circumstance. On the 28th of October it was determined, at the Exchequer Bill Office, that the Paymasters of Exchequer Bills should give no more receipts to the Bank for Exchequer Bills delivered to them on account of the funding until the bills had been compared with the counterfoils; consequently those four bills were detained by the Comptroller of the Exchequer as not agreeing with the counterfoils, and Lord Monteagle gave to the Bank his receipt to that effect.

179. How did the course as to receipt differ in those four cases from the course as to the others?—Not at all as regarded the Exchequer Office. They only differed from the others inasmuch as it was a complete transaction as regarded the parties.

180. Will you proceed to the next class of bills?—Those of the Paymasters of Exchequer Bills, they being, as with reference to the bills, also delivered to the Bank on account of the funding. I will take 8275 to 8277, three bills. Those were funded in the usual way on the 26th of October, by Alfred Cutting, of the Stock Exchange, sent to the Paymasters on the following day, and the usual certificate of the Paymasters given to the Bank. That transaction was completed in every part of it. But the cases which immediately follow, 8417 to 8428, stand in precisely the same situation as Coutts's. No. 8417 to 8428, twelve bills, were funded by Lawford Richardson, of the Stock Exchange, on the 26th of October. Then there are 7058 to 7062; they were funded by John Isaac Hensley, of the Stock Exchange, on the 26th of October, in the same way as the preceding ones, with this difference, that, Mr. Hensley, finding that these were bills repudiated by the Government, completed the transaction in money immediately on being informed of it. The transaction was made a transaction of that day, though perhaps not completed on that day.

181. In the cases of Lawford Richardson and Cooper, did Lord Monteagle give receipts to the Bank?—Yes, I have the Comptroller's certificate here. On the morning of the 28th the Paymasters of Exchequer Bills determined to receive no more Bills on account of the funding until they had been submitted to a comparison with the counterfoils at the Exchequer Office. When I have delivered Exchequer Bills to the Paymasters, they have given a receipt to the Bank for the amount under the Act. In the two cases of Lawford Richardson and G. E. Cooper it having been discovered, on a comparison of the bills with the counterfoils, that they did not agree, I did not get the usual receipt from the Paymasters, but simply Lord Monteagle's receipt that they did not coincide with the counterfoils; and in the transaction now under consideration the Paymasters of Exchequer Bills have given to the Bank receipts, and that holds good with regard to the whole of the 33,000*l.* which follow. The next transaction respects numbers 7072, 7074, 7075, three bills funded by Jonas Levy, on the 26th of October: that is a complete transaction; he had the stock after the transaction was complete; he wrote it into stock, and the stock was transferred. The next are numbers 7083 to 7085, and 7087 to 7091, making 8000*l.* Those were funded in the usual way by Lewis Levy; I have put it down Stock Exchange. I believe he lives at Brompton.

182. Do you know what relation he is to Jonas Levy?—I think he is the father of Jonas Levy; I have been so informed.

183. When were they brought in?—They were brought in on the 23rd of October.

184. How is the interest on Exchequer Bills which are funded calculated?—All the Exchequer Bills paid in at the Bank I send to the Paymasters of Exchequer Bills with a certificate against the names. Take for instance Lawford Richardson, 6000*l.*; it is for the second, third, fourth, and fifth instalment on a certain amount; they have only to appropriate those and calculate the interest from the day on which they are funded up to the dates of the instalments, and the interest will be found to amount to a certain sum.

185. There are two other bills, 7092 and 7093?—They were funded by Lawford Richardson on the 26th of October; he got stock for those, and it was transferred.

186. There was another transaction by him on the same day to which you have before referred. Were they distinct transactions?—Yes; and they were returned to the Paymasters of Exchequer Bills as distinct transactions.

187. In all these the Bank of England claims no interest?—No; then I come to those in which the Bank has what I may call a direct interest; there is a part of the 51,000*l.* standing in the schedule James Capel (Coutts and Co.).

188. Have you brought with you any book in which you entered the names of the parties

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who brought Exchequer Bills to be funded and got stock for their bills?—I have that here.

189. Have the goodness to point out the different entries which apply to the instruments of which you have spoken where the parties got stock for their bills?—On the 27th of October I entered in the book 7100 and 7101, two bills dated 16th June, 1841, as full payment upon 2500*l.* scrip, by G. E. Cooper.

190. Is that the original entry made by the proper officer?—It is.

191. That is the proper book for such entries?—Yes. Then I have 7066 and 7099, two bills of 1000*l.*, funded by Lawford Richardson on the 27th October, 1841, as a full payment on 25,000*l.* Then there are 8417 to 8420, and 7092 and 7093, those were paid on the 26th of October, 1841, by Lawford Richardson, as full payment on 7500*l.* scrip. My next entry is of 8275 to 8277, three bills of 1000*l.* on the same day, being part of 3200*l.*, on the 26th of October, 1841, by Alfred Cutting, as a part of full payment on 4000*l.* scrip. The next is of the last five bills, standing in the names of the paymasters, 7058 to 7062, 5000*l.*, by John Isaac Hensley; they were paid for the second and part of the third instalment, having completed the rest no doubt in money, on 14,000*l.* scrip. The next I have is 7072, 7074, and 7075, three of 1000*l.* each, on the 26th of October, in the name of Jonas Levy, for the second, third, fourth, and part of the fifth instalment on 4000*l.* scrip. Then there are 8421 to 8428, which is the completion of that series. These are part of 12,000*l.* funded by Lawford Richardson as part of full payment on 15,000*l.* scrip. Then on the 27th of October, there are 7100 and 7101, the transaction of G. E. Cooper, a full payment on 2500*l.* scrip; and there are 7066 and 7099, two of 1000*l.*, by Lawford Richardson, as a full payment on 2500*l.*

192. Were not the names contained in those entries taken from the parties who presented the bills at the time?—The parties would present them at the counter; the question would be, In whose name? the name is given, and the question would be asked, For what? and the answer, For such a payment on scrip.

193. You had receipts for all the instruments of which you have been speaking, with the exception of the 28,000*l.* under the head of the Paymasters of Exchequer Bills?—Yes; I have had the receipts from the Comptroller of the Exchequer for the whole of those 109 instruments of which I have spoken, some of which I still hold subject to the claim of the parties—others I have actually delivered to the parties.

[*The Witness withdrew.*]

Charles Waterfield, Esq., sworn and examined.

C. Waterfield, Esq.

194. What is your situation in the Paymasters' Office?—I am chief clerk.

195. It appears from the schedule to the Exchequer Bills Forgery Act, that the forged bills all purport to be issued under the 3 & 4 Victoria, cap. 106, and the 4th Victoria, cap. 19. Were there issues of Supply Bills under those acts of Parliament?—There were.

196. In what months would those supply bills be issued, and when would they bear date?—In March and June.

197. Would the bills in each issue bear the same date?—The March bills one issue, and the June bills another.

198. Would the March bills all bear the same date in March, and the June bills in June?—I cannot speak positively to that; the great body of them would be on one day in March, and the great body of them on one day in June.

199. Would the bills in each issue be regularly entered, beginning with No. 1?—Yes.

200. At what office would those genuine Supply Bills be issued?—From the office of the Comptroller-General of the Exchequer, issued to the Paymasters, and by the Paymasters to the public; that is called the Issuing Office, though we are really the issuing-office to the public.

201. At what periods would they be called in to be exchanged or paid off?—In the March and June in the year following.

202. At what office would they be presented to be exchanged or be paid off?—At the office of the Paymasters of Exchequer Bills.

203. We have heard from a former witness, that in October last an operation was going on of funding Exchequer Bills?—Yes.

204. Would the holders of the bills of 1841 be entitled to have them funded instead of exchanged or paid off?—Yes.

205. Where would they carry them for that purpose?—To the Bank of England.

206. What would afterwards become of the bills so carried in to be funded?—They would be brought up by the Bank of England, or some of their officers, to the Paymasters of Exchequer Bills to be cancelled, and the interest to be paid upon them.

207. The Commissioners understand the instruments detained to be forged as regards the signatures; but to be genuine as regards the paper, type, stamp, and all other particulars; is that so?—I believe it is so.

208. Do you know in whose writing the numbers would be on those instruments?—Chiefly in the handwriting of Mr. Smith; but I believe in the handwriting of his junior clerks also.

209. Would those be the proper officers to write in the numbers?—Yes.

210. Are you able to state whether the imitation of the signature of the Comptroller-General, or Assistant-Comptroller, on the instruments detained is good?—It is very good. I heard the Assistant-Comptroller himself observe that it was wonderful.

211. The Commissioners understand the forged instruments to correspond in dates, sums,

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Acts of Parliament, and all other particulars with genuine ones of the issues of 1841?—They do.

C. Waterfield, Esq. 3rd May, 1842.

212. Was a forgery of duplicate instruments more likely to escape detection than a forgery of instruments not corresponding in all those particulars?—Probably it would; and yet we know that in this case the Bank of England held the duplicate bills; there the forgery of the duplicate bills might have been detected from their holding the duplicate bills. If a person holding any bill came up to our office, and inquired whether there were bills of such dates and such numbers, he would be told there were. It would appear that it was easy to pass duplicate bills, for they are forged for real bills outstanding of those numbers.

213. If an instrument had been presented to the Paymasters with a wrong number or date, would not detection in that case have been certain?—Instant.

214. Does any reason occur to you why the right number was always put, as well as the right sum and date?—Had a wrong number been put, we should have detected it at the Exchequer immediately; we should have said immediately, There is no bill outstanding of that date and that number.

215. Do the Paymasters of Exchequer Bills consider themselves as the claimants of the bills that are set down in this schedule, under the head of the Paymasters of Exchequer Bills?—I have heard the Paymasters seem rather surprised that they should be put down as claimants, the bills being deposited with the Comptroller General; they have the Comptroller-General's receipt for them.

216. Do you produce that receipt?—I do not; it is in the hands of the Paymasters.

217. Who is the Paymaster who will produce the receipt?—Mr. Nevinson or Mr. Latham. Mr. Nevinson, I think, was the party who delivered them to the Comptroller General.

218. Do you recollect that receipt (*a paper being shown to the Witness*)?—This is my handwriting.

219. Was that receipt given to you by Lord Monteagle for the instruments therein described?—I have no doubt that was given by Lord Monteagle to the Paymasters, not to me.

220. You were not present when it was given?—No, I was not.

221. Can you state whether the bills mentioned in that paper came from the Bank of England to be cancelled as funded bills?—I have no doubt that they did. This is a copy of the actual receipt given by Lord Monteagle. I apprehend this must be a kind of duplicate.

222. Is there any mode by which you can ascertain whether certain numbers came from the Bank of England to be cancelled, and were delivered over by you to Lord Monteagle?—The Paymasters will produce the receipts for those bills. I find, by reference to the book, there is but one date in March, and one date in June, for the supplies of 1841; but there was a previous supply in 1840, also dated in March (11,000,000*l.*), which gave rise to double numbers.

223. Do you recollect how many double numbers there were?—Of that previous supply there was 158,900; but whether they were all double numbers I cannot say.

224. Those would differ from the supplies of the year, by purporting to be created under another act of Parliament?—Yes.

225. In that sense they would not be duplicates?—No.

[*The Witness withdrew.*]

Adjourned.

THURSDAY, 5th of May, 1842.

The EARL of DEVON in the Chair.

...shburnham Bulley, Esq., further examined.

A. Bulley, Esq. 5th May, 1842.

226. Do you produce, by Lord Monteagle's directions, certain documents material to the purpose of our inquiry?—I do.

227. Do those documents comprise original letters received from holders of bills, or claimants of bills at the Comptroller-General's office?—They do.

228. Are all the documents now produced, produced from your custody as the proper officer?—Yes.

(*The Witness delivered in the Correspondence Book, No. 2, and various documents.*)

[*The Witness withdrew.*]

Dudley Montagu Perceval, Esq., sworn and examined.

D.M. Perceval, Esq.

229. You were the Assistant-Comptroller of the Exchequer?—I was last year.

230. Have you had occasion to examine all the forged bills?—Not all that exist, but a very great number.

231. Have you had occasion to examine all those which were detained at the Comptroller General's office?—I believe I have examined all except those belonging to Mr. Price.

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D. M. Perceval, Esq. 5th May, 1842.

232. As regards those which you have examined, do the signatures appear to be imitations of your writing or that of the Comptroller General?—They are all imitations of my signature and Lord Monteagle's.

233. Is the imitation of your signature good?—In some exceedingly good, in some indifferent, and in some very bad.

234. In most cases is the signature good?—In most instances very fair. I should say that the good signatures were in much greater proportion than the bad, but not the best. I should say there were about the same number of the very best and the very worst. The fair average imitations fill up the remainder.

235. Are they all imitations, to a certain extent, of your signature?—All of them, more or less successful.

236. Were you in the habit of signing the higher numbers, the numbers as high as those forged bills?—The Signing Book would show what bills I signed. I can hardly speak of a habit in only two exchanges; but it will appear, I believe, that there were no particular numbers; it must be entirely accidental, any particular book being put before me. I believe, in point of fact, it will turn out that I did sign most of the higher numbers; but there was no arrangement to that effect.

[*The Witness withdrew.*]

A letter, dated Pall Mall East, 27th of October, 1841, signed Ransom and Co., addressed to the Right Honourable the Chancellor of the Exchequer, transmitted by the Chancellor of the Exchequer, was read.

A letter, dated Pall Mall East, 29th of October, 1841, signed Ransom and Co., addressed to the Comptroller of the Exchequer, was read.

A letter, dated Pall Mall East, 11th of March, 1842, signed Ransom and Co., addressed to Lord Monteagle, was read.

John Squire, Esq., sworn and examined.

John Squire, Esq.

237. You appear to have taken certain Exchequer Bills to the Bank of England, amounting to about 16,000*l.*?—Yes. Those Exchequer Bills I have no claim at all on; they do not belong to me, but are the property of Messrs. Morgan's, stock-brokers, Pope's Head Alley, or their principal.

238. What is the date at which you took that particular set of Exchequer Bills?—It must have been on or about the 28th of October.

239. For what purpose were they taken to the Bank?—In order to explain this, I must beg permission to advert to the 21,000*l.* Exchequer Bills belonging to our house, Ransom and Co., included in the schedule to the Act of Parliament.

240. Have the goodness to look at those Exchequer Bills now shown to you, and state whether those were the Exchequer Bills taken to the Bank at that time?—I do not know; I took no account of them. Mr. Morgan told me he had done so, and as they were in my possession only a short time, I did not think it necessary to take the numbers.

241. Those bills appear to bear your indorsement?—Then I can speak to them. (*The Witness looked them through.*) I know by the indorsement those are the identical bills.

242. Under the discretionary power given to the Commissioners, if you desire to have the assistance of any counsel or solicitor, or advice of a professional gentleman, while under examination, they will be happy to allow you permission, or will be ready to hear any witness you may wish to produce, in order to the making out of your case?—I am obliged to the Commissioners. I do not feel such assistance to be requisite.

243. The Commissioners will be happy to hear any statement you have to make on the subject of the Exchequer Bills which you paid into the Bank?—I wish, in the first instance, to refer to the 21,000*l.* Exchequer Bills, as being the property of our house.

244. The bills to which you refer being numbered 8285 to 8299, and from 8464 to 8469?—Yes. Those 21,000*l.* are held by our house, as a security for 21,000*l.* owing to us by Mrs. Solari, the executrix of her late husband, Angelo Solari, who had a regular banking account with us. He was not a mere borrower of money on Exchequer Bills, but had a regular banking account, in which there were numerous transactions of a business like character. He had an account with us from the year 1836 down to the time of his death, which I believe was in October, 1840. When rumours were afloat concerning forged Exchequer Bills, we took these 21,000*l.* to the Exchequer Bill Office, for the purpose of having them examined; they were examined, and were declared to be bad bills. I think that was the expression.

245. Do you recollect the date at which you took them?—On or about the 27th of October; we were so early with these that they were not detained at the Exchequer. I then went in search of our debtor, Mrs. Solari, and found that she had left London. I sent a message to her agent, Mr. Rapallo, who returned for answer, that he would meet me almost immediately at his brokers, Messrs. Morgan's; he did so. I then told him that Mrs. Solari's Exchequer Bills had been examined at the Exchequer Bill Office and declared to be bad. I asked him whether, in his capacity of agent to Mrs. Solari, he could lodge with me any other security for her debt? He answered, that he had a box in the hands of his bankers, Messrs. Robarts and Co., containing some securities, which, however, he had been advised by his solicitor not to touch till his affairs should be brought nearer to a final settlement. Mr. William Morgan, who was present at this time, reminded him that he, Mr. Morgan, held some Exchequer Bills

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John Squire, Esq.
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belonging to Mrs. Solari, which had been examined at the Exchequer Bill Office by his, Mr. Morgan's, clerk, and were declared to be good and genuine bills. Mr. Morgan expressed his willingness to place those bills in my hands, if Mr. Rapallo, as Mrs. Solari's accredited agent, would authorize him so to do. After a good deal of consideration, Mr. Rapallo consented to do so: he wrote the order accordingly, and Mr. Morgan produced the Exchequer Bills, amounting to 16,000*l.*, and placed them in my hands, suggesting at the same time that an effectual way of finally testing their genuineness would be to pay them into the Bank of England for scrip, as I had received a positive assurance that they had been examined at the Exchequer Bill Office and pronounced to be genuine. This appeared to me to be a proper course, and I accordingly lodged them in the Bank of England, with a proportionate amount of scrip, leaving them three days, I think it was, for examination.

246. Do you recollect on what day you lodged them?—It was the 28th or 29th of October. I then called at the Bank to inquire the result, and was told that the bills had been detained by the Comptroller of the Exchequer, whose receipt for them was then handed to me; that receipt I handed immediately to Mr. Morgan, of whom I had received the bills; and I take for granted that it is now in his possession. While it was in progress I thought it right to hold the other 21,000*l.* Exchequer Bills, which have never been out of my possession, and are still in my possession. As there was a doubt about those bills, I thought it right to hold the 21,000*l.* until I could learn the result.

247. Mr. Morgan and Mr. Rapallo allowed you to retain for a time bills apparently worth 37,000*l.*?—Yes; I have no claim upon those 16,000*l.* I was in hopes, for a moment, that to the amount of 16,000*l.* I had been bettered in my securities, but I believe those were not the only Exchequer Bills which were examined at the Exchequer Bill Office and declared to be genuine.

248. You say you have no claim upon the 16,000*l.*?—No; Mr. Morgan will be able to state whether he has any claim on his behalf, or on behalf of his principal, who, he told me, was Mrs. Solari; that he held them on account of Mrs. Solari.

249. Is the debt of Mrs. Solari to your house still unpaid?—It is still unpaid.

250. At what time were the bills for 21,000*l.* originally deposited with you?—They were bills which had been taken in exchange for other bills. Mr. Solari, in his life-time, used to come when the bills were advertised, and withdraw the bills we held, and deposit others.

251. Your house, of course, made entries of the numbers and dates of the bills you held, in lieu of which those were deposited?—Certainly. Mr. Solari had a regular banking account with us from 1836 to 1840, which is contained in four large ledgers, which I am willing to produce, to show that he had a regular banking account with us, as well as the transactions in respect of Exchequer Bills. It was not only on Exchequer Bills we lent him money; we lent him, in 1839, on a large box of Napoleons. He required a loan of 3000*l.* on that box of Napoleons; we found them made up properly, new coin, and contained apparently in a French box. He used to have letters of credit on the Continent, and we believed him to be a regular merchant.

252. Can you state from memory your first connection in business with Solari?—Yes, he was introduced to us by his brokers, Messrs. Morgan. He said it would be convenient to him to have a banking account at our end of the town. Having said that to Mr. Morgan, Mr. Morgan recommended him to us.

253. Was Mr. Morgan your broker?—Yes, he had been for upwards of twenty years.

254. Which Mr. Morgan?—Both of them, William and James. I took an opportunity of inquiring afterwards privately what they knew of him. They said he had been introduced to them in a regular manner; that they had bought considerable stock for him, for which he had always regularly paid. He paid in 1490*l.* at the time of opening the account, and continued paying in and drawing checks in the usual manner of other customers.

255. The debt to you remaining unpaid, the 16,000*l.* Exchequer Bills having been deposited as security for this debt, how is it you have now no claim for these, supposing them to be genuine bills?—When they were pronounced to be bad bills, I handed over the receipt to Mr. Morgan, considering them as so much waste paper, and fell back on the 21,000*l.*

256. That is all the account you have to give respecting the 16,000*l.* bills?—Just so. I had the control of them for three or four days, when they were declared to be spurious bills, and the receipt was handed to Mr. Morgan, from whom I received them. I had nothing further to do with them.

257. What agreement had you with Rapallo, as agent of Solari?—Nothing, only we were told that he was Mr. Solari himself. After the death of her husband, Mrs. Solari came to us and stated that she should be desirous of continuing the account for a time; and that she should be desirous of continuing the business pursued by her late husband, with the assistance of his and her friend Mr. Rapallo.

258. During Solari's lifetime had he ever introduced Rapallo to you?—No.

259. Your business during Solari's lifetime had always been with himself?—Yes, for several years he did not borrow for any length of time—for a couple of months. He would come and say, "I find money very scarce in the city, are you disposed to lend me 4000*l.* or 5000*l.* at the market rate of interest for such a time?" It did not exceed 6000*l.* for several years. We felt we could not do better than lend on Exchequer Bills, and he was most punctual in repaying. We lent him 3000*l.* at two, three, and four months, on the security of Exchequer Bills. He paid off one of those notes on maturity, and the others before maturity; we had to return him 28*l.* for interest in consequence: that gave us a good opinion of the man.

260. Did it never occur to you to have occasion to realize the securities deposited, or were they always redeemed in time?—They were always redeemed in time by bank notes.

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261. In the whole course of your dealing with him you have never had any occasion to realize Exchequer Bills previously deposited by him?—No.

262. The loans were always redeemed by cash?—Yes, down to the year 1839; then he would come and say, "Gentlemen, if you like I will take away the bills which have been advertized, or I can get it done in the city." He never stipulated for any particular period.

263. In point of fact, when the Exchequer Bills were at any time ever left with you under such circumstances, had you occasion to have them realized?—No; there was always an agreement that each party should be at liberty to call in on giving a certain number of days' notice, a fortnight's notice given, that we should be at liberty to call in at 14 days' notice, and he should be at liberty to pay off at 14 days. At the time of his death, our advances on Exchequer Bills amounted to 37,000*l.*; we thought that too large a sum to go on with Mrs. Solari, being a lady and not like a man of business, and we required them to be reduced, and she reduced the 37,000*l.* to 21,000*l.* She brought us 16,000*l.* in bank notes and checks; there was a check on Jones and Company, I think, for 3000*l.*

264. Have you any documents or papers whatever that attended those transactions you have spoken of with reference to the 16,000*l.*?—No, I have not.

265. Did any writing pass with reference to the deposit of the 16,000*l.* with you by way of security, and your return of these bills on Morgan?—No, it was all verbal; the only writing that passed was an order by Rapallo to Mr. Morgan to deliver over the 16,000*l.* to me; that order I suppose is with Mr. Morgan. That and the receipt of the Comptroller for the Exchequer Bills were the only writings I had any knowledge of.

[*The Witness withdrew.*]

Mr. *John Holderness* sworn and examined.

Mr. J. Holderness.

266. Will you look at those two bills, Nos. 8307 and 8308; did you endorse those two bills?—I did.

267. Have you any interest in those bills?—No.

268. Did you endorse them on your own account, or on account of Messrs. Wolfe, Brothers?—On account of Messrs. Wolfe, Brothers.

[*The Witness withdrew.*]

Letter signed John Lewis Wolfe, to the Right Honourable Lord Monteagle, dated Change Alley, 29th October, 1841, read.

Letter signed John Lewis Wolfe, to the Chancellor of the Exchequer, dated Change Alley, 8th November, 1841, read.

Mr. *John Lewis Wolfe* sworn and examined.

Mr. J. L. Wolfe.

269. *Chairman.*—In case you should wish while under examination to have legal assistance, it is the wish of the Commissioners that you should have it?—I have my solicitor, Mr. Rees, in attendance, but I do not think it at all necessary. I will state my own case.

270. The Commissioners have before them two Exchequer Bills, marked respectively 8307 and 8308, bearing the signature "John Holderness," are those bills which you carried to the Bank at any time?—We did carry bills bearing those numbers; I presume those are the bills; I have no reason to doubt it.

(*The Exchequer Bills were shown to the Witness.*)

271. John Holderness is your clerk?—Yes; and those are his signatures: he carried them in by our order.

272. The Commissioners will be happy to hear any statement you have to make?—On the 22nd of October last those bills were received by us on the Stock Exchange, of John Wray Scott, a stock-broker; we received them as security for a loan of 2000*l.* lent by us to Mr. Scott, in the usual way of business. The rate of interest agreed upon was five per cent., which on that day was the common rate of interest. The money was lent for one day. On the following morning, which was Saturday the 23rd, the loan was renewed for that day. On Monday the 25th, the money was demanded by us of Mr. Scott. Mr. Scott then informed us that in the state of the Exchequer Bill market, unfavourable reports being then in circulation, he could neither sell those bills nor could he borrow money upon them, and therefore that he could not repay us. It was on that Monday or the next day, Tuesday morning, that it was first reported that some of the bills then in circulation were believed to be forgeries. On the Tuesday morning, I having those two bills, with one other bill, which subsequently turned out to be a genuine bill, in my hand, called on Lord Monteagle at the Exchequer Office, to have them examined, to ascertain whether they were genuine. I also waited on Mr. Goulburn; one of the party who was with me saw him, but I did not. No official examination of the bills took place that day, the Chancellor of the Exchequer and Lord Monteagle not having arranged their plan; but the bills were examined by Mr. Bulley, the Chief Clerk of the Exchequer, and by Mr. Perceval, the Deputy Comptroller, whose office it was to sign the bills. It was not considered an official examination, but, they being present, I placed my three bills in their hands, and requested to be informed whether they were genuine or not. Mr. Perceval, after looking at the three bills, stated that, had no question been raised upon the matter, he should have said those three bills were genuine, and one of them turned out to be genuine. I asked him if the name of Lord Monteagle was his, Mr. Perceval's, signature.

273. Did this apply to all the three?—Yes; the two now in question, and one which afterwards turned out to be genuine. Mr. Perceval stated that he should have said it was his

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signature had no question been raised. We were directed to attend by Lord Monteagle's order the following morning, to have the bills examined with their counterfoils, which we were told were the only means the Government possessed of ascertaining the genuineness of the bills. On the Wednesday morning I did attend at the Exchequer Office with my solicitor, Mr. Rees. An examination of the three bills with the counterfoils then took place, and after about an hour's examination, apparently with very great hesitation, two of the bills, which are those now in question, were returned to me, as not agreeing with the counterfoils. The third was returned as a genuine bill, agreeing with the counterfoil. As that was not a very perfect answer, such an answer as would enable me to proceed against the parties of whom I received the bills, I asked the authorities there present whether those bills were or were not genuine. The reply was, again, "The only answer that we can return to you is, that these bills do not appear to agree with the counterfoils. You may save yourself all further trouble; for we can give you no further answer." They would not say whether they were genuine or not, but that they did not agree with the counterfoils.

274. From whom did you receive that answer?—There were four gentlemen, clerks in the Exchequer Office, whose names I did not know. They were strangers to me, but the one who was called in to assist at the examination, for there appeared to be great difficulty in saying whether they did or did not agree, was Mr. Perceval, whom I had seen the previous day; and on my part there was my solicitor, Mr. Rees, present.

275. That answer was given you either by Mr. Perceval or in his presence?—I am not quite sure whether he was present at the time. There were two appointed as examiners, whose names we did not know, and who gave the answer.

276. Were they, as far as you could see, the persons appointed and authorised to make the examination?—Yes; we were ordered into that room by the official messenger, for the purpose of having our bills examined by the gentlemen who were there, and who had the counterfoils in their possession.

277. Can you give the name of any person who said they did not agree with the counterfoils, and would give no other answer?—I should know the gentlemen personally, but we were not introduced to them by name. I have a perfect recollection of their persons, at least one of them. My solicitor, who is in attendance, took a note of his answer, for it was the only answer given to enable me to determine on the course I should pursue against the parties of whom I had taken the bills. They would not answer whether they were genuine or not: that they had received their orders to say only that they did not agree with the counterfoils. That was their statement to us. One of the bills which they declared was not genuine, they had at one time laid aside as a genuine bill, as agreeing with the counterfoil. I was, of course, not satisfied with that answer, and I came away doubting whether the bills were genuine or not; and having no means of presenting them to the Government until the following March, they being March bills, at that period there was a funding of Exchequer Bills going on, and it occurred to us that if we purchased scrip, and paid in the bills on account of the funding, that would be the best way of presenting them to the Government, and ascertaining the fact, whether they would or would not accept them. We had learned also on the Tuesday that on the very Monday after the examination took place at the Exchequer Office, other parties had paid in Exchequer Bills on account of the funding, and that up to that Monday afternoon they had been received at the Bank of England, and had been accepted at the Exchequer, and stock in exchange for scrip and Exchequer Bills had been delivered by the Bank of England, and inscribed by the parties. I mean bills coming from the same channel from which ours had come. Up to Monday night we found, by persons in the Stock Exchange, that suspicious bills had been paid in, and accepted by the Government, up to four o'clock on the Monday. The impression then was on the Stock Exchange that as Government had accepted bills, coming from a suspicious source, they were not going to refuse any of them: that they wished to have them quietly called in, in fact. On Thursday the 28th of October we purchased scrip, carried it to the Bank of England, accompanied by these and other bills, and requested that they might be funded in due course, and the stock be inscribed in our names.

278. What was the day when you attended at the Government office and received the answer you have referred to?—On Tuesday the 26th. This I produce is the receipt the Bank of England gave us. They received on that day a very large number of bills, and they obtained from the Comptroller-General of the Exchequer one receipt. The Bank of England gave us this receipt.

279. Have you since received another receipt?—No: our bills were paid in with a very large number. They hold on our account the Government receipt,* and they have given us that copy. That receipt is signed by Mr. Marshall.

(*The Receipt for the Bills* 8307 *and* 8308, *as received and detained by order of the Chancellor of the Exchequer, was inspected by the Commissioners, and returned to the Witness.*)

Mr. *Wolfe.*—We presented bills to the Bank of England to be funded. At that time the Bank of England had received notice from the Government to receive Exchequer Bills under protest, and to have them examined before the stock should be inscribed. That was the first morning there was any hesitation in receiving Exchequer Bills. Our bills, with others, were carried up by Mr. Marshall to the Exchequer Bill Office to be examined. He remained, I believe, the whole day for the examination, and late in the afternoon he returned, and the answer then obtained was, that the bills were impounded by Government, not agreeing with

* The Government counterpart receipt was afterwards produced by Mr. Wolfe.—*Vide* post, p. 34.

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the counterfoils. The Bank then gave us back the scrip, and there was an end of the transaction between us and the Bank.

280. You claim to be the owner of these bills?—Yes.

281. In your own name, or in the right of the firm?—In right of the firm.

282. What are the names of the firm?—John Lewis Wolfe, that is myself, and Lewis Mortlock Wolfe, my brother and partner. In all the communications I have had with the Chancellor of the Exchequer, and the Comptroller of the Exchequer, the communications have been in my own name. The bills will appear in the Bank of England as presented by John Holderness, our clerk. On the 29th of October I received this letter from Lord Monteagle.

(*Producing the same.*)

The letter was read requiring the returns of the bills 8307 and 8308, as having been found not to be genuine.

283. Will you look at that letter to the Chancellor of the Exchequer of the 8th of November, 1840?—That is my writing, and the other is also mine, being a letter to Lord Monteagle in answer to this; and there was also one to Mr. Maule. These letters were written by myself. The letter of Lord Monteagle called upon me to produce the bills, whereas the Government had the day before impounded them.

284. The Commissioners will be happy to hear anything further you have to state?—The next step was, of course, when I found the bills were impounded by Government, to apply to Mr. Scott, from whom we obtained them, for repayment of our money.

285. Was that application by letter?—No; by word of mouth. We were all in the Stock Exchange together. When we found that nothing was to be done, that we could not sell the bills, that they were impounded, we applied to Mr. Scott ultimately to repay the money.

286. Was that application by letter?—No; verbally. We were in the same market.

287. What answer did Mr. Scott make?—Mr. Scott's answer was, that he could not repay the money; that he had had a very large number of bills through his hands in respect of which similar demands had been made upon him.

288. By bills, you mean Exchequer Bills?—Yes, suspicious bills; that he regretted the trouble he was giving us, and he was willing to put himself into our hands, and pay as far as his means would allow him. The Commissioners, of course, are aware that, as members of the Stock Exchange, we are bound in all proceedings as between each other by certain rules and regulations. One rule of the Stock Exchange is that there shall be no private compromises, so that no person shall enjoy fictitious credit. Mr. Scott not having complied with his bargains and fulfilled his engagement, was, in the Stock Exchange language, a defaulter, and it became necessary, by the laws of the Stock Exchange, that we should report him to the committee for managing the affairs of the Stock Exchange as a defaulter. We did so report the case to the Committee, stating that we had so lent our money to Mr. Scott on Exchequer Bills, that they had been detained, and that we could not recover our money from him; at the same time, in consideration of the extraordinary nature of the case, and the very excellent character that Mr. Scott bore in the Stock Exchange, and in consequence of our feeling assured that he was perfectly innocent of any kind of fraud in this business, we accompanied our statement of his default with a special request that the committee would not declare him a defaulter, and that rather than he should be declared a defaulter we would lose the whole of our money and withdraw the claim. The committee inquired into that and other similar cases, and I think, on the 29th of October, they came to a resolution, considering the extraordinary nature of the case, that they would suspend the rules of the Stock Exchange, and they directed Mr. Scott to pay over to certain parties, called official assignees in this case, in the Stock Exchange, for managing the affairs of defaulters, all the money he could conveniently spare to be divided amongst those who had claims upon him in respect of those Exchequer Bills; my house being one of those claimants. Mr. Scott, in the mean time, was directed to consider himself in suspense, as it were, and not to transact any fresh business on his own account until the further determination of the committee, and he so remains still until this question is decided.

289. He is suspended from doing business?—Yes; he is not actually declared a defaulter. Mr. Scott did so pay to the official assignees 1000*l.*, all he could muster at that time; of which 1000*l.*, 400*l.* was paid to my house in respect of our claim for 2000*l.*, and 600*l.* was paid over to Messrs. Hichens, who will appear before the Commissioners also as claimants. Those are all the facts of the case; everything which has taken place.

290. In which way was the 2000*l.* advanced? Was it by check or by bank-note?—I have an entry in our book of the check. The whole of this side (*producing the book*) consists of simple loans on Exchequer Bills and other security, but *all* short loans. This is the ledger of our firm. When we have money which we do not want in our business, we lend that from day to day.

291. Is that in the course of your business?—Not in our regular business: we are brokers, but we are obliged to employ a very large capital as brokers, and when there is not much business doing we have a large capital to spare, and employ it on loans from day to day, so that if our business require it, it may be immediately called in. The whole of that page consists of loans of that description; the other side consists of the payments back again. (*The book is inspected by the Commissioners.*) This is the draft on Glyn and Co. for the 2000*l.* to Mr. Scott (*producing it*).

292. What is the date of the draft?—The 22nd of October, 1841.

The following entries were read from the ledger:—

"To cash, Scott, 5 per cent. £2000 0 0

To cash, Richardson, 5 per cent. . . 1000 0 0."

On the other side of the ledger:—

"29th Oct. By cash, Richardson . . . £1000 19 2
By account, J. W. Scott . . 2000 0 0."

293. The 19*s.* 2*d.* in that case was the interest?—Yes; in the entry on that side of the ledger the sum against Scott's name is exactly 2000*l.*, for it is not money received back, but that 2000*l.* is carried to a ledger account against Scott.

294. That entry respecting Scott means that it was not paid, but carried to another account?—Yes: this transaction with Scott is not one of any series of loans or transactions, but an isolated transaction, I not having dealt with him in loans of this kind previously; there is only one loan for many months past in which money has been lent on Exchequer Bills. There was one for 3000*l.* a little before; they pay such small interest, we seldom lend on Exchequer Bills; but at this period the money market was in a very uncertain state in consequence of American affairs: we withdrew our money from other sources, and lent it on Exchequer Bills for greater security; had the interest been four per cent., we should have still lent it on Exchequer Bills,—for our object was security, not interest.

295. Do you recollect on what security the loan to Richardson was made; whether it was an Exchequer Bill?—I cannot be certain, but my clerk attends to this particular department; he is the man who actually made the bargain with Scott. I have no doubt he will be able to answer any question on that point. If the parties are respectable, we allow them to give us Consols, Exchequer Bills, Railway Shares, or any other security. The day on which this loan was made was the day following that on which the Bank loans expired. The Bank had lent money on Exchequer Bills for six weeks; on the 21st their loans were paid off, and that made a rise of half per cent. We were lending money on Government Scrip, on Exchequer Bills, at four and a half per cent. until the Bank loans were called in; that made a greater scarcity of money for two or three days, and accounted for a rise to that amount. I have myself received six per cent. on a loan for a single day. I have known a banker pay six and a half per cent. for a single day.

296. You had, probably, been acquainted with Scott previously?—Yes, I had known him for several years; he is not a rich man; he is a young man, but I knew he was employed as broker by our Chamberlain, Sir James Shaw, and that he was employed by two joint stock banks to transact their business as broker; and that Sir James Shaw was in the habit of employing the city balances at interest, with the consent of the city; that he took Exchequer Bills as the best security; that Mr. Scott bought Exchequer Bills for him; and that he transacted business for those joint stock banks, part of whose business is to borrow and lend money on Exchequer Bills; therefore, when he asked me to lend him money on Exchequer Bills, it came to me as part of his ordinary business. All Scott's connexions I knew were highly respectable, and I never observed that he transacted business with any speculative persons. We did not consider him rich, but thought him sufficiently rich to pay any loss which might take place in dealing in Exchequer Bills. Had Mr. Scott offered me 30,000*l.* bills, I should have taken them; and it was a mere accident that I had not 30,000*l.* in addition to this 2000*l.* The Government has rather blamed us for lending our money on Exchequer Bills at all, but loans on Exchequer Bills are of every day occurrence. There is a great advantage in borrowing money on bills rather than selling the bills and replacing them by purchase. Suppose a banker requires to use his money for a week, if he sells those bills, and at the end of the week repurchases them, he has to pay broker's commission, which is a shilling on 100*l.* bill; (if he is a banker he has to pay half); and he also has to pay the difference between buying and selling prices, which generally is two shillings per cent., which would make a loss in the week's work, selling those bills and replacing them, of three shillings on every hundred pound bill; whereas, if he came into our market and borrowed the money even at five per cent., which is a higher rate of interest than that on Exchequer Bills; (five per cent. is threepence farthing a-day, and he receives upon the Exchequer Bills twopence farthing from the Government); his loss during the week is a penny a-day, making sevenpence for the week; whereas if he sells and repurchases the bills it is three shillings. That is the reason why many bankers bring their bills into the market and borrow upon them, instead of selling. This question has been asked us by the Government, how we came to lend money at five per cent. on a security which paid the holder only three pound nine? Our answer is, that is a question of time: A man may do a very bad business by borrowing at that rate for a year, but for a week or a fortnight, or a month, it is for his advantage to do it.

297. As far as his correspondent is concerned, the Exchequer Bills appear as if they were in his custody?—Yes, it is understood that the London correspondent is at liberty to deposit the bills in this way. Some years ago the London bankers were more in the habit of employing their money in Exchequer Bills, and less in commercial discounts. I understand, from my bankers, Messrs. Glyn and Co., that some bankers do not do much in commercial discounts, but more in Exchequer Bills.

298. Supposing you lend money for a few days on an Exchequer Bill, do you enter the number and date of that Exchequer Bill in your books?—We do; it is not all who do it. I take care when I receive a security to label that security with the name of the party from whom I receive it, so that I may take care to give him back the same.

299. Your ledger contains no memorandum showing the time for which the loan was made?—No; therefore I have in attendance John Holderness, my clerk, who made the bargain, and will state the time; and I have brought Mr. John Scott with me also.

300. Did any writing pass as to the terms?—No, that is never done. All the loans are

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kept in that separate sheet in the book; they are all made from day to day. Supposing that loan had not been made for a short period, such as a week, I could not have claimed any money of Scott. Supposing that loan had been for a month, I could not have applied for my money till the month was expired. Scott would not have been a defaulter, as it regarded me, till the expiration of the month, whereas we brought the case before the committee of the Stock Exchange on the 27th.

301. Supposing the money lent for a month, so that you would have no right to call upon him till the end of the month, what would he have to show if you called upon him before the time?—If the loan was for a month, that would be stated; there would be no writing.

302. What means would the party have of showing that, if you called upon him before the right time?—If he denied my assertion, I should produce my clerk, who made the bargain with him. Everything is done in that way in the Stock Exchange. It very rarely happens that those bargains are disputed, for they are generally made in the presence of a third party. It is not the custom in the Stock Exchange that any writing should pass, except in a very special case: each party has a small pocket-book, in which he is bound to make an entry of all purchases and sales which are made. Loans are not always entered in that way. We do not enter our loans in that way: our clerk lends the money. We instruct him as to the sort of security, and so on. It is the custom on the morning following any transaction for the clerk of the house who made the bargain to take this book in his hand and to call on the other party to the bargain, and to check the bargain—that is, to agree that on the day preceding such and such a bargain was done.

303. If that is disputed, what is done?—If that is disputed, which sometimes it is, if any parties were near the clerk, they are referred to: if not, and there is a difference, it is usual to divide the loss. We decide among ourselves, generally, without going to the Committee: if there has been any misunderstanding, we agree to divide the difference. This loan was made on the 22nd. On the 27th of October the minutes of the Committee of the Stock Exchange will show that we appeared personally before them, and declared John Scott to be a defaulter. We could not have done that if the loan had been made for a longer time.

304. Was there any statement in writing by you to the Committee?—No; we were examined verbally. The Committee clerk takes down all the proceedings of the day, which are regularly kept as evidence. Our statement, and Mr. Scott's statement in answer to it, and everything of that sort, appears in those books.

305. Do you think it probable that any further sum will be recovered from the estate of Mr. Scott?—I have no doubt that we shall get some small trifle back; but we cannot until we ascertain definitely whether the Government will compensate us. If they do not, we must apply again to Mr. Scott, and it is probable that we shall obtain something further. But Mr. Scott is himself a claimant; and if he is compensated it will not be necessary to go further.

306. Have you made any agreement with Scott not to proceed against him at law?—No; we cannot proceed against each other at law while on the Stock Exchange; I should be subject to expulsion; the Committee of the Stock Exchange takes the matter off our hands. In cases where the Committee of the Stock Exchange does not give us relief, we have a right to proceed; but Mr. Scott has given up everything he could, and I should rather abandon the claim than proceed against him.

307. Did Mr. Scott make any statement to the Committee of his circumstances which will appear upon their minutes?—Yes; there are very long inquiries on this matter which have taken place before the Committee.

308. Are there instances in which the Committee of the Stock Exchange direct actions to be brought against parties who are in debt?—I do not recollect any; but they insist on the party making satisfaction, or he is expelled. It is a most summary proceeding: he ceases immediately to be a member of the Stock Exchange; and supposing we had had any suspicion that Scott had not acted properly in this case, or that he had refused to pay over to the official assignees all which he was able to do, and that he had been expelled the Stock Exchange, no rule would prevent my proceeding against him; but we cannot, while we are members of the Stock Exchange, take the law into our own hands.

309. If, after this had happened, after you had got the 400*l.*, it had come to your knowledge that he had kept back property he ought to have given up, you might have brought an action against him for the 1600*l.*?—We might; but we consider him a very honourable man. My determination is, that if I do not get any money from Government, I shall apply to Mr. Scott, and ask him whether he can, without inconvenience to his own business, and without distressing his family, pay me any more; and, if he cannot, I shall withdraw my claim.

[*The Witness withdrew.*]

Mr. *John Holderness* further examined.

Mr. J. Holderness.

310. You have stated that you are clerk to Wolfe, Brothers, and Co.; were you present at the transaction of a loan between Wolfe, Brothers, and Co. and Mr. Scott?—I lent him the money.

311. Will you state the circumstances?—He wanted to borrow money, and to the best of my remembrance, was calling out as they do in the Stock Exchange, "Borrow money, borrow money." I said, "How much do you want?" he said, "2000*l.* on Exchequer Bills." I said, "What is the rate?" He said, "Oh, I suppose five per cent.;" and I said I would lend it to him

312. You made the bargain with him?—Yes.

313. What passed next?—I then went up and got a check, and told Mr. Wolfe I had lent

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him the 2000*l.* at five per cent. on Exchequer Bills till to-morrow, and Mr. Wolfe signed the check, and I took it down to him, and he gave me the Exchequer Bills.

314. When you made the bargain with Mr. Scott, was there anything said as to the time for which the money was lent?—Merely till to-morrow. It was mentioned at the time, I think almost, that Mr. Scott wanted to borrow it till Tuesday, but I am not positive of that; I said I would lend it till to-morrow morning, and then we should see.

315. In what shape did he receive money?—I gave him a crossed check, and he paid it into his banker's; I gave it him myself, to the best of my recollection.

316. Is that the transaction referred to here in the ledger, under the date of the 22nd of October?—(*The Witness referred to the entry*). Yes.

317. Is that book kept by you?—No; it is kept by my brother.

318. What is his name?—Robert Fitzroy Holderness.

319. Is he in London?—Yes; I have left him at our office this morning.

320. This money is not, that you know of, repaid?—No; Mr. Scott is not able, I believe, to repay it.

321. There is no entry in any of your books of its being repaid that you are aware of?—I have not made any entry; I believe he has repaid a part on account.

322. Is there any entry of that payment of part in your books?—I do not know; I do not keep the books.

323. Do you allude to a sum of 400*l.*?—Yes.

324. Whatever part may have been repaid, in what book would that repayment be entered?—I suppose it would be entered in that ledger; but the books are kept by my brother.

325. Was the transaction in the usual course of business altogether?—Perfectly so; so much so, that if we should happen to have anything out of the way of business, before I concluded the bargain I should go and ask Mr. Wolfe; but anything in the ordinary way of business I do myself, knowing he would sanction anything I did; but he is so exceedingly cautious, both himself and his brother, that I should never lend money to anybody whose character was not held strictly correct in the Stock Exchange.

326. Has your house been in the habit, in the ordinary course of business, of lending sum of money from day to day in the same way?—Yes; varying of course in the interest as money is scarce or plentiful, from three per cent., up to, I think, seven per cent. On Exchequer Bills two and a half per cent., I think, is the lowest; they do not pay for lending money.

327. Had you had other transactions on Exchequer Bills previously?—Yes; one within a week, I think.

328. How many?—I think I lent about 8000*l.* or 10,000*l.* within a week on Exchequer Bills.

329. Will this book call an instance to your recollection?—Yes; we lent Messrs. Scott, and, I think, Messrs. Brown. Here is an entry of a loan to Hichens, a 1000*l.* on Exchequer Bills, and 20,000*l.* scrip, that was on the 21st, the day before Scott's. On the 16th I lent Brown and Son 4000*l.*

330. You recollect the transactions on seeing those entries?—Perfectly; I did the business myself. Of Scott, those are both Exchequer Bills.

331. At what rate of interest?—To October 19th, four and half per cent. I said, as the interest on Exchequer Bills was getting up, I should expect more.

332. Are there any other Exchequer Bill loans at five per cent.?—I do not recollect. Here is an entry of money lent to Messrs. Capel after that date. We never go to Exchequer Bills except as a last resource, it is such poor interest. When we get a daily loan of that sort we tie it up with a ticket, stating the interest.

333. Had there been a previous loan to the same party on an Exchequer Bill?—No; I do not recollect any transaction for months; we had had two or three times in the course of some years transactions with this party.

334. Were those on Exchequer Bills?—No; I think only once on Exchequer Bills, but that was a long while ago. Here are several other entries of instances of Exchequer Bills.

335. Are those loans on Exchequer Bills only for the day?—Yes; only for the day, according to the best of my recollection.

336. In cases of this kind of loan for a day on Exchequer Bills, is it usual to pay the money the next day, or does the money remain out several days?—We consult each other; I have made a loan with a man for pretty nearly a year and a half, and only daily.

337. Was that on Exchequer Bills?—No, on Columbian stock.

338. That might occur on Exchequer Bills?—Yes; but though that was expressly for a day, it continued nearly for a year and a half; and at last we called it in when we required it.

339. Is it usual for such loans to remain out a considerable time?—If we wanted the money we should call it in the next day; but frequently it is not called in for a considerable time, according to the circumstances of the money market.

[*The Witness withdrew.*]

George Maule, Esq., sworn and examined.

G. Maule, Esq.

340. Will you give the Commissioners some account of the proceedings that were taken against Edward Beaumont Smith in the matter of the forged Exchequer Bills?—On Saturday, the 23rd of October, I was sent for by the Chancellor of the Exchequer. He told me that he had been informed that there was something wrong in the Exchequer Bills; that there had been duplicates of the same amount, and date, and number in the market, and that it

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should be looked to; and he produced a list of them. It was settled that I should go into the City on the Monday morning, to examine as to the existence of such duplicates. Two sets of bills were chosen. It was said there were duplicates at Messrs. Barclay's one set, and at the London and Westminster Bank another set of bills. I arranged with Mr. De Berckem and Mr. Wood, in the Paymaster of Exchequer Bills Office, to meet them in the City on the Monday morning. I met them there, and went first with certain bills, which were in possession of De Berckem, to Messrs. Barclay's the bankers. We examined those bills we carried there with other bills in the possession of Messrs. Barclay, of the same numbers, dates, and amount, and observed no difference between them at that time. We then went to the London and Westminster Bank, and examined another set of bills with duplicates in their possession. Having ascertained, therefore, the existence of duplicates of the same bills, we went to the office of the Comptroller of the Exchequer, for the purpose of examining the bills we had taken with the counterfoils; and on the examination of one or two of those bills they did not appear to correspond with the counterfoils. Mr. Beaumont Smith was one of the persons present in the room at the time of the examination, and I had asked him as to two of those bills, whether the numbering upon them was his handwriting, which he stated to me it was. He then requested that he might have permission to speak to me in private, and we went into a room together; and then he told me that he was the author of all the mischief (that was his expression), and explained that he had issued bills to a very large amount, and that they had been placed in the hands of a person of the name of Rapallo. A great deal more passed; but, upon this information, I took the necessary steps to acquaint the Chancellor of the Exchequer, and to have Mr. Smith's person secured. That was on Monday, the 25th of October, about noon of that day.

341. Did he mention Rapallo as a confederate?—He mentioned that they had been issued through him. He said he could not tell, or would not tell, me who had put the signature "Monteagle" upon them. He said that another person had put it, he could not tell me who. Mr. Smith's person was secured, and on the next day there was an examination at the office of the Secretary of State, before Mr. Hall the magistrate. He was committed for further examination to the 4th of November, the following month. On the 26th of October a search warrant was obtained to search Rapallo's premises in Angel Court, which was executed the next day. In the meantime, on the Monday, Mr. Rapallo had been at the Secretary of State's, and had made a statement; and on the 27th he came to me, in company with his attorney, Mr. Lefroy, and handed me a letter, which I have, and stated that he would attend at any time, and give information. On the 3rd of November a warrant was obtained from the Lord Mayor for the apprehension of Rapallo. On that day he was brought before Alderman Wilson, and remanded till the next day; and on the next day he was further remanded till the 17th of November, on which day he was finally committed for trial. Mr. Smith having been committed for trial on the 4th of November. On the 2nd of December, bills of indictment were preferred and found by the Grand Jury against Smith. On the 4th he was arraigned on one of them, for forging and uttering one of the bills mentioned in the schedule; the number was 6405. He was also indicted for forging and uttering 6404; and he was also indicted for a larceny for stealing paper belonging to the Crown. I was a witness on the bill before the Grand Jury, and was also present at the trial. He was arraigned on the indictment for forging and uttering the bill, number 6405; and he pleaded guilty, and was sentenced to be transported for life. That sentence has since been carried into effect.

342. Can you state the date at which he was sent out of the country?—About the 13th of March. Mr. Rapallo had intimated a wish to disclose all he knew of the transactions, and was examined once or twice by Mr. Bush, and no prosecution was preferred against him. In consequence of no prosecution being preferred against him, he was discharged, I think on the 7th of December, and left Newgate, and I believe in a very few days afterwards he left the country. If the proceedings against Smith had gone on, and it had been necessary that he should be called, he was a witness ready to be called; but the attorney for Mr. Smith had apprised me by letter, the day before, that Smith intended to plead guilty. The understanding with Rapallo I understand was, that if he made a full disclosure of everything he knew, he would not be prosecuted. That arrangement was made partly between Mr. Bush and him, and partly between the counsel. The disclosure he made at first was considered by the counsel by no means satisfactory, or such as should have relieved him from prosecution. It was only on a further statement that the counsel were of opinion he ought not to be prosecuted.

343. Do you know what has become of Rapallo?—I have heard that he was at Paris; I know nothing on the subject.

344. Do you happen to know how long he has left the country?—I heard of his being here, I think, so late as the 10th of December; soon after that I heard he was at Paris.

345. Do you know what was his business and station in life?—He was known in the City, I understand, as dealing in foreign stock, I think, principally. He was, I understand, a Genoese.

[*The Witness withdrew.*]

Mr. *John Bush* sworn and examined.

Mr. John Bush.

346. Were you employed on the part of the Government in any of the proceedings against Beaumont Smith?—I was concerned as agent for Mr. Maule in the conduct of the criminal proceedings in that prosecution.

347. Was there any arrangement made with Mr. Rapallo, the effect of which was, that there should be no prosecution against him, in consideration of his making a full disclosure of

the circumstances regarding Smith?—Perhaps I had better state to the Commissioners fully how it arose. It occurred to me on the Friday or Saturday previous to the indictment being preferred, that Rapallo would make a statement, and I suggested to his own solicitor, Mr. Lefroy, who had called upon me, that Rapallo must know a great deal, which it would be useful to the Government to be acquainted with, and which could not avail him in any way on his defence. In consequence of that, Mr. Lefroy called upon me two or three days afterwards, and stated that the prisoner Rapallo was willing to make a statement. I required it to be made and presented to me voluntarily, but which Mr. Lefroy declined doing, and stated that he had referred it entirely to his counsel. I was subsequently directed to take this statement of Rapallo, who was then in Newgate. I saw him in Newgate, and stated to him that I came to hear anything he had to say, and recommended to him generally to speak the whole truth without reserve. He then made a long statement to me. He made a second statement on the following day, and again on the next day a third and final statement. I made a minute in writing, which I can produce hereafter if required. It was understood afterwards that he was to be admitted as evidence for the Crown.

348. Was that intimated to him?—That was so intimated to him, and he stated his perfect willingness to be called as a witness.

349. Was it accordingly arranged to call him as a witness, in the event of the indictment having been proceeded with against Smith, in case of his not having pleaded guilty?—I can only state that he was in readiness to be called, if the counsel for the prosecution had required it to be done, on the following day.

350. Was he afterwards discharged from custody without prosecution?—He was.

351. Do you know what has since become of him?—I have no doubt that he is at the present moment in France.

352. Have you made inquiries of a nature to satisfy you that such is the case?—I have made inquiries with that view, and I have seen a letter in his hand-writing within these few days, dated in France.

353. What were you able to ascertain as to his business and course of life?—From his statements to me I believe he was for many years the paid agent of Angelo Solari, a merchant in the City, and that he was intimately acquainted with Solari's affairs, but more particularly so for a short time previous to the death of Solari, and since that event.

354. Is Solari now dead?—I have understood so.

355. Did he leave a widow?—I have understood from Mr. Lefroy that she is living.

356. Do you believe her to be in this country?—I have understood from the same quarter that she is now abroad, and I believe it to be the case.

357. What was Rapallo's ostensible business and occupation?—He was a speculator, a dealer in foreign stocks more especially; I have understood that he was also concerned as the agent of Prince Louis Bonaparte.

358. Was he a member of the Stock Exchange?—No, he was not.

[*The Witness withdrew.*]

Adjourned till Monday next at 11 *o'clock.*

MONDAY, 9th May, 1842.

The EARL of DEVON in the Chair.

A letter, dated Lincoln's Inn Fields, 1st November, 1841, signed Samuel Steward, for Bell and Steward, addressed to the Secretary of the Lords of the Treasury, was read.

A memorial of Messrs. Bell and Steward, addressed to the Lords Commissioners of Her Majesty's Treasury, dated 9th December, 1841, was read.

A letter, dated Lincoln's Inn Fields, 23rd December, 1841, addressed to C. E. Trevelyan, Esq., was read.

Mr. *Samuel Steward* sworn and examined.

359. Do you claim to be the owner of the bills 6495 to 6497, mentioned in the schedule to the Act of Parliament?—Yes; they were left in my name, but they are the property of myself and my partner Mr. Alfred Bell.

360. That is your indorsement on the back of the bills (*the same being shown to the Witness*)?—Yes.

361. You received a receipt from the office of the Comptroller of the Exchequer?—I did (*producing it*).

362. Was that receipt now produced by you given to you on the bills being brought into the office of the Comptroller-General?—It was given to me by Lord Monteagle, on the bills being examined.

363. Do you recollect on what day you brought the bills into the Comptroller-General's office?—I attended, I think, on the 29th of October. They were taken from me that day; but they could not be examined that day. I attended on the following day; they were then examined, and I received the receipt.

364. Will you have the kindness to look at those two letters and that memorial. They

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purport to be addressed by your firm to the Treasury. Were they so addressed (*the same being shown to the Witness*)?—They were.

365. You are at liberty to make to the Board your own statement as to the manner in which those bills came into your possession, which statement you may make either by counsel or otherwise as you think fit, and may call what witnesses you think fit.—Our case is very simple. I think we shall be able to state it without the assistance of counsel. In stating it, perhaps the most convenient way will be for me to state what has been our usage with respect to Exchequer Bills, and then how we came into possession of these particular bills. I am in partnership with Mr. Alfred Bell; our profession is that of solicitors. In respect to our money transactions, our bankers are the Bank of England. We keep two accounts at the Bank of England; one a cash account, and the other an Exchequer Bill account. Our habit has always been, when we have more cash than we immediately want for the conduct of our business, to invest it in the purchase of Exchequer Bills; that we have done for the last ten years without any variation. Our habit has been, on buying any Exchequer Bills, to take them to the Bank of England and deposit them; our banker's book consisting not only of a banking account, but entries also of an Exchequer Bill account. When the bills became due, the Bank of England undertook, as our bankers, to get them exchanged at the Exchequer Bill Office, receiving the interest up to the date at which they became due, and receiving new bills. If we wanted the money invested in the bills before they became due, we withdrew them from the Bank, and handed them to our agent in the City to sell for us. That was our invariable course. We have had no other dealings in Exchequer Bills except in that way; and never became possessed of an Exchequer Bill except by purchase. The agent we employed in the purchase of Exchequer Bills for us invariably was Mr. John William Cook, of Pope's Head Alley, who is managing clerk or manager for Messrs. Morgan. We had been for many years connected with Mr. John William Cook. He was the money agent of our late partner, Mr. Richard Wilson, who was a person of large property, and extensively engaged in money matters. And Mr. John William Cook has also a highly respectable connexion of his own; he was clerk to Messrs. Morgan, but managed business on his own account also. He managed the money matters relating to stock and Exchequer Bills not only of ourselves, but also of several of our clients; amongst whom I would mention Mrs. Clarke, Sir Matthew Clare's family, General Sir Hugh Halkett, Miss Halkett, the Rev. Mr. Randolph, Mrs. Consett, the family of the late Matthew Consett, Esq., to whom he was a trustee. Mr. Bell and myself have invariably employed him in the purchase of and investment of stock, and also of Exchequer Bills, for the last seven or eight years, quite independently of Messrs. Morgan, we always giving our instructions personally to Mr. Cook. In all those transactions we found Mr. Cook extremely accurate; in fact, I hardly know so accurate a man; I believe that is the general opinion of all our office. During the year commencing 1840 and ending 1841, we find that he invested upwards of 70,000*l.* for ourselves and our clients with the utmost accuracy; in fact, we never knew him inaccurate in any transaction in which we have been concerned with him, and those transactions have been numerous.

366. Were your own investments on account of your clients sometimes?—Yes, it sometimes occurs that in our profession we have twenty or thirty thousand pounds at one time given us to invest for our clients. This statement brings me to the 21st of October. On that day, or the day previous, Mr. Bell and myself received the sum of 3000*l.* and upwards, for which we had no immediate use.

367. Your own money, or the money of your client?—Our own money: it was a sum which had been out at interest. I went into the City on the 21st of October, and saw Mr. Cook at his office. I asked his advice as to the purchase of Exchequer Bills; whether it would be a good investment just now; whether he would advise it as an investment. He declined giving any advice; in fact, he invariably did decline giving any advice as to investments. He said it was not usual to give advice; but he said that he thought Exchequer Bills were more likely to rise than to fall, in consequence of the large funding which was going on, a funding of 5,000,000*l.*; that he thought, therefore, that they were not likely to fall. They were then at 10*s.* to 12*s.* premium. I instructed him to buy us 3000*l.* worth of Exchequer Bills; and told him I would call on the 22nd, the next day, and pay for them. I called the next day, and received from him three Exchequer Bills, and also an account of the purchase of those three Exchequer Bills. His account bears date the 22nd of October, 1841. This is the account I received from him (*producing the same*).

The same was read as follows:—

" London, 22nd October, 1841.

" Bought for Messrs. Bell and Seward 6,495, 6,496, 6,497, three 1000*l.* Exchequer Bills, dated 16th June.	£3,000	0	0
Interest, 128 days, at 2¼*d.*	36	0	0
Premium 11*s.*	16	10	0
Commission	1	10	0
" G. W. Cook."	3,054	0	0"

On receiving the bills and this account, I handed to Mr. Cook, according to my usual custom, a cheque on the Bank of England for the amount, namely, 3054*l.* That cheque was paid by the Bank of England to Mr. Cook. The Exchequer Bills were of the usual denomination, passing current in the usual course of business from hand to hand without endorsement, and

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as usual, without any payée's name being inserted in the body of the bills. I, according to our usual custom—I may say, indeed, our invariable custom—took the bills immediately the same day, in fact, within half an hour, to the Bill Office of the Bank of England, produced our banker's book, and had them entered by one of the entering clerks of the Bank of England. I should state that when I received them from Mr. Cook I examined them, and saw that they were Exchequer Bills of the same description I had always before received, therefore I had no doubt of their authenticity. The Bank clerk, on entering them, also looked at them, and looked at them rather more particularly than usual; and we had some conversation on the subject of Exchequer Bills; and he made an observation at the time that it had come to light that morning that there was some report that Exchequer Bills were bearing a very high rate of interest on deposit—a higher rate of interest than he thought their value warranted; it seemed to him a higher rate of interest than the value of Exchequer Bills warranted. He said, that he had heard that money had been borrowed on Exchequer Bills at as much as 7 per cent., and that he thought it singular. He said, "It is a singular thing; I understand that money has been lent at a very high rate of interest on Exchequer Bills, 7 per cent.; I think it is too high a rate."

368. That was a casual remark of his?—Yes; I merely state that to show that on that occasion there was more examination of my bills than was usual, in consequence of that circumstance. He entered them, and made no remark whatever upon them. This is my banker's book (*producing the same*). Here is an entry of the three bills on the 22nd of October, Nos. 6495, 6496, and 6497, for 1000*l.* each. The Bank make a particular entry, giving the date of the bills, their numbers, and their amount; and it is signed "Jervis," which I believe to be the name of the clerk who entered them.

369. You received that banker's book from the Bank?—Yes; it is our ordinary banker's book, containing in one part of the book our banking transactions, and in another part of the book our Exchequer Bill transactions. They remained in the hands of the Bank of England from that time up to the 29th of October, when I saw in the newspaper advertisements inviting the public to have their bills tested at the Exchequer Bill Office; and we, having in the hands of the Bank of England at that period 4000*l.* of Exchequer Bills, three of which we had recently bought, as I have just stated, Mr. Bell and myself went to Mr. Cook and asked his advice upon the subject. We asked him whether we should take our bills to be examined; he recommended to us to do so. We asked him particularly to state to us, with respect to the three last bills, how they had been bought. He stated to us that he had instructed Mr. Edward Lloyd Morgan to buy them; and that Mr. Edward Lloyd Morgan, who is a sworn broker, bought them on the public Stock Exchange from a Mr. Tomkins. And on my asking him whether he had any doubt of their being good bills, he said that Tomkins was respectable, but that he should by all means recommend that we should take them up to be examined. Mr. Bell and myself then went to the Bank of England and asked their advice upon the subject. They said, "You had better take the three bills you lodged with us the other day up for examination, because they have been recently purchased; but with respect to the fourth bill we have of yours, that has been a long time in our hands, and has been exchanged by us at the Exchequer Bill Office, therefore there cannot be any question about that—it is not necessary to get that examined." I then withdrew the three bills, or rather, according to their term, I reclaimed them; they were handed to me by the Bank of England, and are entered in the book October 29th, "3000*l.* Exchequer Bills reclaimed." I went straight to the Exchequer Bill Office. I did not get them examined that day; but early the next day I got them examined, and then they were found not to agree with the counterfoils; and I received the receipt which I have handed in.

370. You took them on the 29th, and they were examined on the 30th?—Yes, and found not to agree with the counterfoils. Mr. Bell and myself then went without loss of time to Mr. Cook, to make more particular inquiry into the transaction; when he stated to us that he had received the 3054*l.* of ours from the Bank of England on the cheque which I now produce (*the same being delivered in*), and that he had done with that what he usually did with the monies passing through his hands, that he had paid it to the account of Edward Lloyd Morgan, at Messrs. Jones Loyd and Co.'s. I should state that Mr. Cook, being clerk to Messrs. Morgan, and also doing business on his own account, had no banking account of his own, but that they seemed to have allowed him the facility of receiving and drawing monies through their banking account, which was kept in the name of Edward Lloyd Morgan; and that was always his practice with us when he paid us a sum of money on account of stock. The cheque, as far as I remember, was always signed "Edward Lloyd Morgan," he having no banking account of his own, which I have no doubt he will explain when he appears before the Commissioners.

371. The cheques were drawn on the account of Edward Lloyd Morgan?—Yes, that is the way in which he managed his transactions; and on this occasion he stated to us that he had paid for the Exchequer Bills by a cheque drawn on Jones Loyd and Co. for 3052*l.* 10*s.*, which was the amount of the Exchequer Bills less his own commission, and that he paid that cheque over to Mr. Tomkins, and thus closed the transaction with him. Mr. Edward Lloyd Morgan, who came into the office during this conversation, stated that he was extremely sorry the bills had turned out bad, and he said he would go instantly and bring Mr. Tomkins to hear what explanation he had to give upon the subject. Mr. Tomkins came in in a few minutes, and said that it was a great astonishment to him that the bills had turned out bad, and that he did not think they were bad, and that he had received them from Mr. De Berckem. We asked him how Mr. De Berckem came to hand the bills to him. He stated that he had come under a liability to the Bank of England for Mr. De

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Berckem, and that Mr. De Berckem had given him 10 Exchequer Bills to sell, in order to raise money to meet that liability; that he had sold three of those bills to Mr. Edward Lloyd Morgan, and that they were the bills in question, and that he had received the cheque for them. He admitted having received the money for them, and that he paid the cheque he had received to Mr. De Berckem, and that that had been passed into Mr. De Berckem's bankers, and that Mr. De Berckem had given him 3000*l.*, which he took over to the Bank of England and redeemed three Exchequer Bills with; he said he had intended to have redeemed eight more, I think, but that it was late in the day, and that he could not sell more bills that day, and therefore he had not redeemed the remainder, but that he had gone to the Bank of England and redeemed three of those bills. We understood from him that he had become liable to the Bank of England for an amount, and that Mr. De Berckem was enabling him to meet the liability he had incurred; that he had incurred the liability, as I understood, at Mr. De Berckem's request, but that of course he will explain. In the course of conversation with Mr. Cook, Mr. Edward Lloyd Morgan, and Mr. Morgan, senior, it transpired. Mr. Morgan, senior, mentioned that they also had had bills themselves—bills which had been rejected; that it was a great loss to them, for that they had had sixteen bills themselves rejected—bills for 16,000*l.*

372. Do you know the christian name of the elder Mr. Morgan?—I do not; there are two brothers, two elderly gentlemen, and the son of one of them, I believe of the elder Mr. Morgan. Mr. Edward Lloyd Morgan, I believe, usually transacted their brokerage business. I have no acquaintance with Messrs. Morgan, except going to their office to transact business with Mr. Cook; they were not my connexions. He mentioned that his bills had been ascertained to be bad by taking them into the Bank of England to be funded, and that they had been refused as bad bills. This struck Mr. Bell and myself as suspicious, and we began to suspect that we had been defrauded. We went over to the Bank of England to make inquiries; they gave Mr. Bell the numbers of the bills, and we went over, and, from memory, made inquiry as to the numbers of those bills, and the statement of those bills having been taken in and rejected. The clerk of the Bank of England, I believe Mr. Marshall the cashier, stated that those bills which Mr. Morgan represented as having been his bills, had been presented by Mr. Squire of Pall Mall, of the firm of Ransom and Co.

373. Did Morgan give you the numbers?—He gave us the numbers on a slip of paper.

374. Do you recollect what the numbers were which Morgan showed you?—I think I made a memorandum of them, but I cannot recollect them; but one thing which excited our suspicion was that they were consecutive numbers with our own. We went up to Pall Mall, and saw Mr. Squire and his partner, Mr. Williams; they explained to us that they had had a transaction in which Mr. Morgan was concerned, in which some bills had proved to be bad, I think to the amount of two or three and twenty thousand pounds; that they had been bankers to Mr. Solari, and that they had subsequently become bankers to his widow on his death, and that bills had been deposited to the amount of two or three and twenty thousand pounds, which had proved to be bad bills; that they had demanded that good bills or money should be given to them in lieu of them, and that Mr. Solari's agent, Mr. Rapallo, had appointed them to meet at Messrs. Morgan's in Pope's Head Alley to discuss what should be done about it; and that on the meeting Rapallo expressed great regret that anything should have proved bad about the bills, and Morgan also, and that Morgan had said he would give them some bills which had been pronounced good, and that they might take them in and get them tested by offering them for funding; he said those 16 bills had been all pronounced good by the Exchequer Bill Office themselves, and that they might take them in and get them funded. It seemed to us very singular that Mr. Morgan, senior, should buy bad bills, and that they should also appear to be possessors of other bills which were bad, and therefore we then proceeded to accuse them of little less than fraud. We went and told the whole party, Mr. Cook, and the Morgans, and all together, that we thought they had acted fraudulently in the transaction, and that if they did not pay us the money, we should apply to a magistrate or to the committee of the Stock Exchange, as we might be advised; that we should not put up with it. I should not have taken such a step as that, had not my suspicions been excited by the fact of their having had other dealings in other bills with consecutive numbers. A few days afterwards we did lay a complaint before the Committee of the Stock Exchange against Edward Lloyd Morgan; we stated that bills had been bought for us by Edward Lloyd Morgan on the Stock Exchange, which had proved bad, and that we thought we had been unfairly dealt with, and begged them to make inquiries into the transactions.

375. Can you give the date of that application to the Committee of the Stock Exchange?—I think it was in about a week. The Stock Exchange Committee summoned us before them, and stated to us, first of all, that they had examined a gentleman named Browne on the Stock Exchange, who was present at the sale and purchase of those 3000*l.* bills between Edward Lloyd Morgan and Tomkins; and they stated that Mr. Browne had satisfied them that the transaction was a perfectly fair one. Mr. Browne had stated to them that Edward Lloyd Morgan first of all offered to buy of him, and asked him the price of Exchequer Bills, he being a large dealer in Exchequer Bills; that he said 12*s.* per cent.; that Edward Lloyd Morgan would only give 11*s.*; and that Tomkins, who was standing by at the time, said, "Well, you shall have 3000*l.* for 11*s.*," and that the bargain was then concluded. Mr. Brown was not examined in our presence, but that was their averment to us; but they called in Mr. Edward Lloyd Morgan, and allowed us to question him, and he made exactly the same statement; he said he should have preferred Mr. Browne, but that he thought it right to save us the 30*s.*; that if Mr. Browne would have sold them to him at 11*s.*, he should have pur-

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chased of him; he explained it exactly as he had before; and then Tomkins was called, and Tomkins confirmed the statement, and the contract made between Tomkins and Morgan was produced to the Committee of the Stock Exchange, and also the cheque by which Tomkins was paid for the bills was produced; and they proved to us that it had been crossed and passed to Robarts and Co.'s bank to the account of Mr. De Berckem.

376. On whom was the cheque drawn?—It was drawn on Jones Loyd and Co., and was passed into Mr. De Berckem's account at Robarts's. The gentlemen of the committee seemed to be very clearly of opinion that there had been no fraud whatever in this transaction as regarded Morgan and Cook. On Cook they gave no opinion; but as regarded Morgan, who was the purchaser of the bills, some days subsequently the secretary of the Stock Exchange sent us the Resolution of the Committee, which is in these words: "That the Committee, having fully investigated the charge brought by Messrs. Bell and Steward against Mr. Edward Lloyd Morgan, are of opinion that, however suspicious the transactions might naturally have appeared to those gentlemen, the Committee cannot find from the evidence adduced that there was any fraudulent collusion between Mr. Morgan and the party of whom he bought the Exchequer Bills in question." It bears date the 5th of November, 1841.

377. Of whom were the Committee composed before whom that went?—I do not know that I can state one of their names, but they are the Select Committee of the Stock Exchange. The secretary is Mr. Van Sommer. It was a new chairman; for this reason, that Mr. Hichens had declined to attend: they said, "Our chairman has some bills, and therefore he has very properly declined to attend on this occasion." Having a very high opinion of Mr. Cook, and no reason to suspect Mr. Morgan, on sifting these matters we withdrew all intention of proceeding against them criminally. We had a very serious intention of doing so, until, on sifting the matter closely, there did not appear to us any reason; we could not make out in any way that they had acted fraudulently towards us; in fact, we came ourselves to the same conclusion as the Committee of the Stock Exchange had done. And with respect to civil proceedings, we could not find that Mr. Cook had received more than 30*s*. benefit from the transaction, nor that Messrs. Morgans had received any benefit whatever from the transaction. But we did consider the propriety of proceeding criminally against Mr. De Berckem, or civilly against Mr. De Berckem; we turned over in our minds in what way we should proceed against him, but we found that Mr. De Berckem had made a statement to the Treasury on the subject, and was treated as the prosecutor of parties connected with the forgery of the Exchequer Bills; we found that one of the counts of the indictment against Edward Beaumont Smith, the clerk in the Exchequer Bill Office, was for defrauding Francis T. De Berckem, this very Mr. De Berckem, therefore we conceived there could be no ground of proceeding against him criminally; that it would not, at all events, come with a good grace from us to go to the Mansion House and complain of him criminally, while the Government were thus using his name. We, therefore, dropped that intention, but we made inquiries at his office about these bills, and saw the clerk, who made no secret about it; he said, "It is all correct; what you state is quite correct; there is no doubt of Mr. Tomkins having got those bills from Mr. De Berckem, for Mr. De Berckem has had many of them; and on asking him from whom Mr. De Berckem got the bills, he said that they were got from Mr. Mariner of Throgmorton Street; that they were in great confusion and great alarm about them, but he knew clearly that they were got from Mr. Mariner of Throgmorton Street. I never saw De Berckem.

378. What is the name of De Berckem's clerk?—That I do not know; he was the person appearing to act in his office. We subsequently wrote several threatening letters to Mr. De Berckem asking for explanations, but I never got any answer; he sent a slip of paper with the name of his solicitor, and there the matter has rested. We have not thought it right to take any proceeding, either criminal or civil, under the circumstances; it has struck us as the proper course to wait the result of this inquiry. We memorialised the Treasury and petitioned Parliament; those are the only steps we have yet taken.

379. Are you aware of the state of Mr. Cook's pecuniary circumstances?—I never supposed him to be a man of any considerable property; I have always supposed him to be a man of some property, but he was very much trusted. I know that persons put great confidence in him, in fact, the connexions we are concerned for, we invariably pay their monies into his hands, and continue to do so as we receive them; mortgage interest and different sums of money are constantly passing from our hands to his hands; we have always supposed him to be solvent, but never supposed him to be a man of property.

380. Do you believe his circumstances to be such as would enable him to repay the money which you laid out upon those Exchequer Bills?—No, I do not suppose that they are; in fact, he has told me that unless he gets his own claim in this matter he is insolvent.

381. Has Mr. Cook any claims of his own?—He states to me that he has, and that unless his own claims are allowed he shall be insolvent.

382. You understood from him that he had claims on other bills?—Yes, I understand that parties have given him money to lay out at interest, and that he had laid out part of this money on Exchequer Bills which proved to be bad, and that he was therefore responsible for them, and was a claimant.

383. Further than this have you made any inquiry into the circumstances of Mr. Cook?—My impression is that he will be insolvent if he does not get indemnified for his losses in this transaction.

384. You judge that from the statements he has made?—Yes; we lost no time in communicating to the Government that we would give them any information upon the subject, and I am prepared to prove the numbers of the notes in which our cheque was paid at the

Examinations.

Mr. Sam. Steward. 9th May, 1842.

Bank of England; with respect to the cheque I gave for the bills, this is the entry on the 22nd of October; there is the cheque, Cook, 3054*l.* paid (*the same was inspected by the Commissioners*).

385. Taking Cook as the broker, the channel of communication, Tomkins is the seller to you?—I do not think Cook is in the character of broker; he is agent to others, and he always employs Mr. Edward Lloyd Morgan; I am not certain, but I do not believe he is a sworn broker; I instructed him in the same way as I should a banker to buy me Exchequer Bills, which banker would go to a broker, as Mr. Cook did; he went to Mr. Edward Lloyd Morgan, who is a broker representing Morgan and Co., and who effected all their transactions on the Stock Exchange. I should think that Mr. Cook had a very good income arising from agency in the matters of his friends; he laid out 75,000*l.* for ourselves and our clients in the course of the year, and was very correct in his transactions. I am not sure whether he was not a distant relation of my old partner.

386. Did you understand that the Morgans had any commission out of the transaction?—No; the Morgans disclaimed having received any profit from the transaction. When we charged it upon them, the father said, "We are not obliged to pay you; you came here with a receipt which we know nothing at all of, a receipt signed Monteagle;" and then he said, "You have always employed Cook; you never have paid us."

387. Did you understand that there had been any immediate communication between Cook and Tomkins with reference to this transaction?—No; Cook was not present, as he stated—in fact, he could not have been, for he was not a member of the Stock Exchange, and the bargain was made in the Stock Exchange between Tomkins and Edward Lloyd Morgan.

388. Edward Lloyd Morgan acting on the instructions of Cook, your agent?—Yes.

389. What was Cook's proper business?—An agent for parties; an agent in managing people's affairs, and buying and selling stock for them, and making investments for them; he was a very good man of business, and had the confidence of many people in that way. If persons wanted to make an investment, they would go up to him in the City, and make it through him. He was a man who appeared to gain people's confidence very much; he had mine most fully.

390. You understood Cook to have received the bills in question from the hands of Edward Lloyd Morgan, and not from the hands of Tomkins?—Just so. In fact the transaction was conducted as all transactions between us and Mr. Cook have ever been conducted. He employed Mr. Edward Lloyd Morgan to make purchases; I believe there is no variation whatever in this transaction. He was not a sworn broker himself; and he had no power to go on the Stock Exchange. He employed Mr. Edward Lloyd Morgan to go. Whether they divided the commission or not I cannot say.

391. With regard to Marriner, have you had any opportunity of knowing him, or what his position is?—None whatever.

392. Do you understand of whom the firm of Messrs. Morgan consisted?—I believe the firm of Morgan and Co. to consist of the two elder Messrs. Morgan, who are not members of the Stock Exchange, and a Mr. Edward Lloyd Morgan, the son of one of those gentlemen, who is a member of the Stock Exchange; and Mr. Cook is their manager. I never heard that he was a partner; but he has always appeared as the chief manager of their brokerag business.

393. In this transaction of yours, did you understand Mr. Cook to have acted on his own account, or as manager for Messrs. Morgan?—On his own account. I did not know the exact nature of the arrangement between them. Mr. Cook never charged brokerage, which is an important distinction; it is charged as commission. If he had charged brokerage, I apprehend he would have been liable to penalties. But it is not necessary that a transaction in Exchequer Bills should be through a sworn broker, unless it is on the Stock Exchange; then it must be by a sworn broker. They produced the contract with Tomkins to us; and that was a contract for the sale of so many Exchequer Bills to Morgan.

394. You do not suppose that Edward Lloyd Morgan was concerned on his own account, separately from the firm of Morgan?—In this transaction I conceive he was made use of, being a member of the Stock Exchange, to purchase for Mr. Cook. The senior partners, I understand, are not members of the Stock Exchange. I have brought with me my banker's books, showing the nature of my transactions for several years back (*producing the same*).

[*The Witness withdrew.*]

Mr. *Benjamin Cole* sworn and examined.

Mr. Benjamin Cole.

395. Have you the counterpart of the receipt now shown to you?—I once had, but it was given up.

396. Is that now shown to you the bill referred to in the schedule to the Act, being number 8284, dated the 15th of March, 1841?—It is.

397. Do you claim to be the owner of that bill?—No, we are not the owners of that bill.

398. Be pleased to state the nature of your connection with that bill?—We bought in the market an Exchequer Bill, No. 8284, for 1000*l.*, dated the 15th of March, 1841; which bill was afterwards discovered to be a spurious bill. In consequence of that we applied to the party of whom we bought the bill for a good bill; the party did not like to comply with that request immediately, as it might be prejudging the question; and ultimately the subject was taken before the Committee of the Stock Exchange for General Purposes. We insisted on having a good bill from Mr. Brown; and he did not like to give it without the sanction of the Committee. The Committee directed him to deliver us a good bill for the bad one, and which he has done, and everything is settled as regards us in this transaction.

Examinations.

Mr. Benjamin Cole.

9th May, 1842.

399. As far as you are concerned, you have no claim in respect of that bill?—None at all.

400. Can you give the date when you had the bill from Mr. Brown?—Yes, the 21st of May, 1841.

401. What is Mr. Brown's Christian name?—The firm of the house is H. and T. Brown; this is signed Charles Brown.

402. In what manner was the bill purchased, and through the medium of what agent?—Through the medium of Smith, Payne, and Smith, the bill was bought for a client of Messrs. Smith, Payne, and Smith's house, by us as their brokers.

403. You dealt immediately and directly with Brown, not through the medium of any other person?—We dealt in the public market, directly with Mr. Brown.

404. Can you let the Commissioners have that ticket?—Certainly.

405. When you settled with Brown, you had a receipt from the Exchequer Office?—It was not in our hands, because the bill did not belong to us. Smith, Payne, and Smith had Lord Monteagle's certificate.

406. Was that delivered over to Mr. Brown on the settlement with Mr. Brown?—Yes, on his delivering to us the new bill.

407. Did Brown purport to sell the bill on his own account, or on account of the partnership?—On account of the partnership. When a partnership is concerned, we consider all the transactions as with the whole firm.

408. You consider this bill, therefore, to have been purchased of the firm of Brown?—Yes; the firm is now Brown and Sons.

409. What is their business?—Dealers in Exchequer Bills and India Bonds, floating securities.

410. Are they what are called jobbers?—Yes.

411. When was the new bill given to you?—On the 16th of March, 1842.

412. Did you purchase this as a single bill, or with others?—With others.

413. At what amount of premium?—At 8*s.* premium.

414. On the 16th of March, 1842, when you received the new bill, you gave up the old one, and the transaction was closed?—Yes. (*The Witness delivered in the extracts from his books referring to the purchase of the bill in question.*)

415. Where is the day-book from which you made this copy?—In my office.

416. Can you produce the original book if required?—Certainly.

417. What was the amount you paid on account of the purchase of this bill?—We paid all together by one cheque. There were a variety of transactions we had with Mr. Brown on that day; and it is our custom to pay or receive the balance.

418. How was the balance paid?—By a cheque on Smith, Payne, and Smith.

419. That also you can produce if required?—Yes; I had to pay them eleven thousand odd hundred pounds.

420. Mr. Brown is a regular dealer in Exchequer Bills and Bonds?—Yes.

421. Is he a man with whom you have had frequent transactions?—Yes, a very respectable man.

422. Did Brown give any account how he had come by the bill?—I do not recollect of whom he said he had bought the bill.

423. Did you deal with Brown or his son?—The father. There are two brothers, Charles and Thomas; but I cannot tell which it was! The son was then only clerk. The elder brother has since retired. It is the younger brother, with his son.

424. Was the person with whom you dealt the father of the younger Brown?—Yes.

425. No suspicion occurred with respect to the genuineness of the bill at the time you took it?—Not the least.

426. It did not occur to you to examine it particularly?—No, it was not our duty to do that; it became the duty of Smith, Payne, and Smith.

427. Do not you, acting as broker, if a banker employs you to purchase an Exchequer Bill, feel yourself called upon to see whether it is a good bill?—Yes; this appeared a good Exchequer Bill. We could not go to the Exchequer Bill Office; we dealt with a man of character.

428. You dealt in the usual course of business, and there was nothing to excite any suspicion?—There was not the least to excite our suspicion.

[*The Witness withdrew.*]

Letter from the Chancellor of the Exchequer to the Comptroller of the Exchequer, dated Downing Street, 3rd November, 1841, enclosing extract from a letter from the Governor and Deputy-Governor of the Bank to the Comptroller of the Exchequer, dated 3rd November, 1841, read.

Mr. *John Isaac Hensley*, sworn and examined.

Mr. John I. Hensley

429. You are on the Stock Exchange?—I am.

430. It appears that certain bills, Nos. 7058 to 7062, were some time since paid in by you at the Bank; have the goodness to give the Commissioners a detail of the circumstances under which they were paid in?—I will do so shortly.

431. Are those the bills (*the same being shown to the Witness*)?—I cannot speak to them except by the numbers.

432. Did you endorse Lord Monteagle's receipt?—The correspondence between the Chancellor of the Exchequer and myself is in the hands of Messrs. Currie, the bankers.

433. What placed it in their hands?—It was placed by myself, through their broker, Mr. Hilton.

Examinations.

Mr. John I. Hensley.

9th May, 1842.

434. The Commissioners will be happy to hear any statement you have to make in respect of those bills?—My statement is very simple. Having subscribed 20,000*l.* to the loan, and having to fund 10,000*l.* in Exchequer Bills and 10,000*l.* in money, I came to town and bought this 5000*l.* of Mr. Hilton, who sold it for Messrs. Currie. This is the banker's ticket (*producing the same*). That ticket was given to me on the purchase of the bills.

The same was read as follows:—

"London, 26th October, 1841.

"Sold to Mr. John Hensley:

7058 to 7062	5	1000 Exchequer Bills, 16th June, 1841, 132 days .	£5061	17	6
		10*s.* premium . . .	25	0	0
			£5086	17	6"

"Adam Hilton."

This is the cheque I paid for the bills (*producing the same*).

435. At that date were not there some rumours in the market that improper bills were in circulation?—There were some days previous.

436. Did you take any steps to ascertain the genuineness of those bills?—Not till afterwards, arising from this circumstance, the respectability of the parties was so great, that I did not feel the least hesitation in taking them immediately over to the Bank and funding them, which I did. About two days afterwards, hearing there was a great fuss in the Stock Exchange about some bills, and that rumours were in circulation, on comparing the numbers of those which were spoken about with others, I became alarmed and went to Mr. Hilton. My correspondence with the Chancellor of the Exchequer will explain the transaction. I was very fidgetty at having had anything to do with suspicious bills. Mr. Goulburn's answers are in the hands of Mr. Currie.

437. Do you happen to have copies of the letters you sent to the Chancellor of the Exchequer?—I have. This is the first letter I wrote to him.

438. That copy was made by yourself?—Yes. I called on the Chancellor of the Exchequer; he could not see me, and requested I would write, which I did.

439. What is the date of that letter?—I should think that it is about the 1st of November; but I do not appear to have noted the date.

440. Was it on the 26th of October, 1841, you had carried in those bills to be funded?—Yes. The answer of the Chancellor of the Exchequer was dated the 2nd of November, 1841; but I have not a copy of that made by myself.

441. Was there any further correspondence between you and Mr. Goulburn?—I thanked him for his ready reply, and requested him to say when the certificates for those spurious bills would be received, as my time was valuable; and he replied that he had requested Lord Monteagle to send me the copies of the certificates, which he did.

442. You returned the receipt to Mr. Currie?—I did.

443. Did he give you other bills or money?—He gave me money, which I paid into the Bank of England.

444. When you took in those bills to be funded at the Bank, which you say was on the 26th of October, 1841, did you obtain stock for the amount?—I did.

445. After that you paid for the stock in another way?—By five 1000*l.* notes.

446. At the time you carried those bills into the Bank to be funded, rumours did exist in the market?—They did.

447. But, trusting to the respectability of the parties, you did not hesitate in taking in the bills to be funded?—No; coming from Mr. Hilton and Messrs. Currie, I felt no hesitation in doing so.

448. About two days afterwards, being anxious in consequence of the rumours, you say that you went to Mr. Hilton; will you state what passed between you and him?—He stated to me that having seen a list in which those numbers were included, he went over to Mr. Currie immediately. He said he was very sorry; but he added, "Of course, Mr. Hilton, if they are not genuine bills, I shall bear you harmless."

449. Were you present at this time?—No; this is what Mr. Hilton stated to me.

450. Have you had any communication with Mr. Currie personally?—None whatever.

451. Did you examine the bills?—Yes; they appeared to me to be genuine. I am not a dealer in bills in general; therefore I should not look at them with the same accuracy as some other persons perhaps.

452. As far as you observed, they appeared to you to be genuine?—Yes.

453. Was this a purchase in open market, in the usual way?—Yes.

454. On the Stock Exchange?—Yes.

455. Had you previously dealt with Mr. Hilton?—Frequently.

456. For what time?—For some years.

457. You know no more of these bills?—Nothing more.

458. You had procured these bills for the purpose of funding?—Yes, I had bought them for the purpose of funding. The transaction obliged us to fund partly in bills and partly in money. I bought those at 10*s.*, which was 4*s.* below the minister's price. I drew out at the same moment from my banker's six thousand and odd pounds, and funded 15,000*l.* stock.

459. What was the date of your original subscription?—I cannot recollect the date; it was at the time that the funding was made. I see on the 27th of September I paid 5000*l.* for Exchequer Bills for the purpose of funding; my subscription must have been about that date.

[*The Witness withdrew.*]

Mr. *John Lewis Wolfe* further examined.

Mr. *Robert Fitzroy Holderness* sworn and examined.

Examinations.

Mr. John L. Wolfe and Mr. R. Holderness. 9th May, 1842.

460. (*To* Mr. *Wolfe.*)—Do you produce the book you produced on the last occasion?—I do; and I produce also a series of books in case the Commissioners should wish to examine them.

461. By whom is that kept?—By my book-keeper.

462. (*To* Mr. *Holderness.*)—Is this book kept by you?—Yes.

463. By whom are the entries in it made?—By me, all of them.

464. From whom did you take your instructions in making those entries?—I entered them in the cash-book first of all, and then entered them into that book from the cash-book.

465. By whose instructions did you make the entries in the cash-book?—In the regular course of business. I enter the cheque-book into the cash-book, and from the cash-book pass it into the ledger.

466. From whom did you take instructions for the original entries?—I did it in the course of business.

467. Many of those entries would be made on the instruction of Mr. Wolfe probably?—No; I do it in the regular course of business.

468. Was the entry now shown to you entered from the cash-book?—Yes (*the cash-book was produced*).

469. From what voucher did you make that entry?—From the counterpart of the cheque, which appears to be in my brother's handwriting.

470. Did you receive the counterpart cheque on which this entry was made from your brother?—I cannot recollect how that was. I take the cheque-book at the close of the day's business, and enter the transactions which appear to have gone through it.

471. This counterpart of the cheque you can undertake to say was regularly before you at the time you made the entry in the cash-book?—Yes.

Mr. *Wolfe.*—I have brought with me the banker's pass-book to show that the cheque was regularly paid, and the cheque itself that has been crossed off by the banker.

Mr. *Holderness.*—The cheque is for 2133*l.*; this is the entry (*producing the book*).

472. (*To* Mr. *Wolfe.*)—Does it not appear upon the book now produced that there had been transactions of yours in Exchequer Bills shortly before the transaction in question?—Not with Mr. Scott. There were other transactions in Exchequer Bills which Mr. Holderness and his brother can point out; there is one with Hichens of the day preceding the transaction in question; the security received on account of that money consisted, among other things (for part of it was scrip), of one single Exchequer Bill, which I carried to the office afterwards to be examined, and it turned out to be a genuine one.

473. What was the interest in that case?—4½ per cent.

474. How long had it remained on loan from day to day?—That was paid back October 29th; it remained eight days: the bargains are made from day to day, then if it suits the convenience of parties it goes on, as it did for two days in the case of Scott, which is the transaction in question. The 19th of October I had a transaction with William Scott and Son, they being Exchequer Bill jobbers. I should presume that Exchequer Bills were given for that.

475. Was that a loan?—No, that is cash paid us back.

476. What was the nature of the transaction with them originally?—Mr. *Holderness.* We lent them 4500*l.* in a transaction of Exchequer Bills, I presume a purchase in Exchequer Bills; he settled the loan by our paying him only a certain portion, and we carried the 3000*l.* to his debit; this was a return of the loan, and he afterwards returned it on the 22nd, the whole, with interest.

477. How long had the money remained in his hands?—Part was three days, and the other part was two days.

Mr. *Wolfe.*—Here is an instance of a loan which extended over a great while, though made originally from day to day.

478. At what interest was that loan made?—At 6 per cent.: many of those are lent on security very inferior to Exchequer Bills.

479. Do you ever lend on commercial bills?—No; that was probably on Mexican Stock, but we do not enter the security they give us on those loans from day to day; there is not any instance of an entry of the security given. If the party is respectable, we say, "Give in your security in the course of the day;" sometimes the money is paid before the security comes in; if there is a crisis pending in the money market, as in the period of the loan to Scott, there being something wrong in America, we direct our clerk to be careful what security he takes.

480. You do not recollect the nature of the security in the case of Schlotel?—No; it was probably South American Stock; that with Lawford Richardson was likely to be in Exchequer Bills or in Spanish stock.

481. Suppose you lent money for one day in the ordinary course of things, would the transaction be mentioned between you and the borrower on the next day?—Certainly; if the two parties did not mention it, it would run on as a matter of course.

482. Does it often happen that they do not mention it, and it proceeds from day to day?—Where it is made for a fortnight, for instance, it is expressly entered for that fortnight; but where it is from day to day, it is mentioned, or else it continues.

Examinations.

Mr. John L. Wolfe and Mr. R. Holderness.

9th May, 1842.

483. Where those transactions [illegible]n into a long loan, nothing may be said?—No; I have a case where a loan made originally for a day, a transaction with Henry Smith, ran on, varying in security from time to time, for many months.

484. Where the security remains the same, nothing would pass between you, but the loan might be tacitly prolonged?—Just so; sometimes it happens that the parties meet together, and one says, "Do you want your money to-day?" or we may not mention it, and it may go on; there is no regular rule. Whatever the market-rate of interest is, we take it rather than let our money lie idle. I was asked on the former occasion whether, when stock was purchased, we made an entry, and I have now brought with me the book in which such entries were made.

485. But transactions on the loan of Exchequer Bills would not be entered in that book?—No.

486. It is not the custom to make an entry of loans of this kind?—No, unless it is a very large sum belonging to a public Company and so on: we meet in the Stock Exchange; a man says, "Have you any money to lend to-day?"—"Yes." "I want 5000*l.*"—"On what security?" The matter is immediately arranged, and the security handed over, but there is no memorandum made.

487. You stated that on the sale of an Exchequer Bill the party has to pay the broker's commission of 1*s.* per cent., and also 2*s.* per cent., the turn of the market, which is the jobber's profit?—Yes, it is somewhat more or less, but it has generally of late been about 2*s.* This is the only transaction in which we can find any of these bills have passed through our hands, but that is by good fortune.

488. Did you hold any other Exchequer Bills at the time of this transaction?—Yes, only one; but we had passed through our hands a very large number, and none of them have been returned. My first step was to go round to my bankers, to whom we had paid Exchequer Bills, look at the numbers, and get them sent up to the Exchequer Bill Office for examination.

489. At the time of this transaction had there been no rumours in the market of Exchequer Bills having got improperly into circulation?—A paragraph appeared on Thursday, the day before I took these bills; I had read that, but it was not of a nature to excite any alarm of there being forgeries in the market. I know now what the real state of the case was; I can explain what was known, and all which took place on the Thursday, the 21st of October; there was a statement which appeared in the *Times* newspaper, which I acknowledge to have read before this transaction was done, though my clerk had not seen it. The nature of that account was that something must have happened in the Exchequer Bill market, for it appeared that persons of indifferent character had been borrowing money at a very high rate of interest. That made a very great sensation in the market. I made it my business immediately to inquire what was the meaning of that. I inquired in the Stock Exchange and at my bankers. An important part of the information I received was, that the parties who had offered those Exchequer Bills at the high rate of interest were not members of the Stock Exchange, and that the Bills were not offered in the Stock Exchange. That did not affect me, as a member of the Stock Exchange. There was nothing to make me suppose that in the Exchequer Bill market, among respectable men, there was anything wrong. On the morning of the 22nd we lent the money; but it was not till the following week that the question of forged bills was hinted at.

490. With reference to the transaction which you have described as a loan made by you to Scott, on which 5 per cent. interest appears charged in your books. Did you receive any further sum in the way of commission or brokerage, so as substantially to increase your profit? None whatever; 5 per cent. was the whole of the interest or profit I received upon the transaction. This is the book containing the account with Scott (*producing it*). When that loan could not be repaid by Scott, it was debited to him in this account. Then, on the 30th of October, he paid me 1000*l.* to be paid proportionably between us and Hichens, Hichens holding 3000*l.*, that left 1600*l.* and the interest due from him. This (*pointing it out*) was a transaction I had with him in February, 1842, he being in suspense and not able to do business, having money to employ for a client. I transacted the business for him.

491. Have you any further statement to make respecting Scott?—No, he is a young man of very respectable connections. I understand from him that he is under liabilities for 55,000*l.* of those in Exchequer Bills; the proceedings before the Committee of the Stock Exchange will show all which has taken place between him, and us, and Hichens.

492. You stated to the Commissioners, on the former occasion, that you took these bills in to be funded after it had been found at the Comptroller-General's that they did not correspond with the counterfoils. Did you mention that fact when you took them into the Bank?—No; I did not direct my clerk to do so, but Mr. Marshall stated that all Exchequer Bills which were paid in that day were to be examined before they were accepted. Up to the very night before bills of the same description had been accepted, and stock had been given for them.

493. Were you aware, when you sent them in on the 28th, that there had been any change of system at the Bank?—No.

494. For anything you know, they might have passed?—Yes, they had passed some the day previous, and our impression from that was that the Government intended to give us the stock quietly. We did not know the extent of it at that time; if we had not done that, we must have waited till March to know whether they would take them or not, and in no communication we have had has the Government ever said they were forged bills. I can now produce the original counterpart receipt of the Comptroller-General for the bills in question, which I have

obtained from Mr. Marshall. When I was examined, I had only Mr. Marshall's receipt. (*The same was inspected by the Commissioners.*) Examinations.

[*The Witnesses withdrew.*] 9th May, 1842.

Mr. *Thomas Godwin* sworn and examined. Mr. Thos. Godwin.

495. Do you belong to the Stock Exchange?—I do.

496. Have you had some acquaintance with or knowledge of Rapallo?—I have.

497. Have you had any correspondence with him lately, or seen letters from him lately?—I have.

498. Can you state from whence the last letter you saw from him was written?—I can give his address if it is wished.

499. You speak confidently to your belief?—I do.

500. Have you received letters through the ordinary course of the post from him?—I have.

501. Do you happen to know when he left this country?—Yes, it was within a few days after his liberation.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

TUESDAY, 10th May, 1842.

The EARL of DEVON in the Chair.

Mr. *Henry William Chisholm* sworn and examined. Mr. H.W.Chisholm. 10th May, 1842.

502. What is your situation in the Exchequer Bill Office?—First assistant-clerk.

503. You at present act as senior clerk?—I do.

504. Have you had occasion to examine the detained bills in question?—Several of them.

505. We understand them to be genuine bills in every respect except the signature?—I believe so.

506. But with the signatures to be forged?—Yes.

507. By whom do the numbers appear to have been filled in, in any of the bills you have seen?—Of all those I have noticed, I believe them to be Mr. Smith's.

508. You are not aware that any of them bore any number in the handwriting of any person but Mr. Smith?—I believe they do not. I have no doubt all those produced are in his handwriting: fifty bills presented by Messrs. Coutts, sixty bills presented by the Bank of England, thirty-three bills presented by the Paymaster of the Exchequer; Mr. Henriques one bill, John Lawford one bill, Stone and Marshall one bill, James Anderson thirteen bills, Benjamin Cole one bill, Samuel Steward three bills, Bank of England sixteen bills, Price and Co. twenty-six bills, J. Brown two bills, T. J. Margrave, through G. Fourrier, one bill, P. G. Vickery five bills, G. Fourrier one bill, W. Townsend, for Mr. Lewis Levy, three bills, C. Sherman seventeen bills.

509. Having examined those bills, you found the numbers all written in by Mr. Smith, in his handwriting?—I have no doubt they are all in his handwriting.

510. Is there any circumstance whatever, on the face of these bills, to lead a person to whom they were offered, in the ordinary course of business, to suspect they were not genuine?—I should think not.

511. In your office you are in the constant habit of seeing Exchequer Bills of this description?—Yes.

512. And they are issued from your office; they are prepared in your office?—They are prepared in the Issuing Office.

[*The Witness withdrew.*]

Alfred Bell, Esq., sworn and examined. Alfred Bell, Esq.

513. You are in partnership with Mr. Steward?—Yes.

514. As solicitors in Lincoln's Inn Fields?—Yes.

515. In the course of your business are you in the habit, from time to time, of laying out sums of money temporarily, and on what securities do you usually invest it?—When we have money which we do not intend to withdraw permanently as the capital of our business, we are always in the habit of making a temporary investment in Exchequer Bills.

516. Through whom have you usually made those investments?—I entered into partnership with the late Mr. Richard Wilson in the year 1827, and ever since that time we have almost invariably, unless there has been a specific reason, in any specific transaction, for employing another person, we have always employed Mr. John William Cook.

517. Was Mr. John William Cook, at the time you first employed him, in the same business as he has been since, or was he in any other?—Precisely the same.

518. He is not a sworn broker, I believe?—I believe not. At least I have understood not.

519. In what way should you describe him; in what business; not a solicitor?—No, he is agent to various parties with whom we are connected in business. He was a very intimate friend of the late Mr. Richard Wilson, who was our predecessor, who always employed him as we did in all stock transactions. He is also agent for General Halkett, for Sir Michael Clare's family, Mr. Randolph, who is son-in-law to Mr. Wilson, the late Bishop of London, and other

Examinations.

Alfred Bell, Esq. 10th May, 1842.

very respectable parties; and they have always employed him generally, I believe, in the same way that we have done. Mr. Steward and myself having had a debt paid to us, took into consideration the state of our balance in our banking account, and we determined on making an investment in Exchequer Bills to the extent of 3000*l.*; and I arranged with Mr. Steward that he should instruct Mr. Cook as usual to make that investment. Some time after, when a notice appeared calling on parties or offering that parties might attend at the Exchequer Office to have their bills tested, Mr. Steward and myself immediately went into the city and called upon Mr. Cook, and mentioned the subject of this notice. Mr. Cook advised us to take up our bills and have them tested; we accordingly went to the Bank of England, where we keep our account, and they gave us the three bills according to our request. We had in our account at that time another Exchequer Bill of 1000*l.*, and we requested the Bank to give us that also to take up for the purpose of having it tested, but the chief clerk in the Bill Office at the Bank of England told us there could be no occasion to take up that bill for such a purpose, inasmuch as the Bank of England had themselves exchanged it at the Exchequer Office at the last time of exchange. I should wish to state that that very bill which was so exchanged was bought through Mr. Cook, in the same way as the other three.

520. Can you tell us now at what time that previous bill had been so bought?—I cannot say at this moment the exact date, but it was several months previous, but I can furnish the date from our account books. We went up to the Exchequer Office together, not being able to get an appointment that day, which I believe was the 29th of October; we were appointed for the next day, on which day Mr. Steward went up, and the three bills were detained as not agreeing with the counterfoils, and a receipt to that purport was given to Mr. Steward. We then considered what it would be right for us to do under these circumstances, and we called on Mr. Cook and stated the result of the testing of our bills; and, feeling that it was right to have the matter investigated, not being altogether satisfied in our own minds, we wrote a letter to the Stock Exchange Committee, requesting them to investigate the transaction. On a subsequent day, appointed by the Stock Exchange Committee, Mr. Steward and myself, accompanied by the clerk, attended at the Stock Exchange Committee, and stated all that we knew of the case, and they undertook to investigate it. We subsequently received a letter from the Secretary of the Stock Exchange Committee, stating that so far as appeared to them from the evidence before them, the purchase had been regular in the open market. I should state that, when we met the Stock Exchange Committee, the chairman stated to us to the effect that, perhaps, it might be a satisfaction to our minds to hear that one of the most respectable men on the Stock Exchange was identified with this purchase by Mr. Morgan, he having bid with Mr. Morgan on the occasion of the purchase. That Mr. Brown, who was the gentleman named, had asked 12*s.* premium for his bills, and that Mr. Tomkins offering them at 11*s.*, Mr. Morgan had concluded.

521. That is Mr. Morgan's statement?—No, the chairman stated this to me; it is the evidence of Mr. Brown.

522. Will you have the kindness to say whether you saw Mr. Cook as to these bills personally, and as to how he said he got them?—I saw Mr. Cook on the occasion of this notice being given, and Mr. Cook then told me that Mr. Edward Lloyd Morgan had bought these bills in the open market.

523. Did you ever become possessed of Exchequer Bills in any other way except by purchase?—Never.

524. Were you in the habit of trusting Mr. Cook to a very large amount in the course of your dealings with him?—A very large amount. I myself employed him within the last two years in investing stock to the extent of 80,000*l.* or 90,000*l.*, but the whole has been done with the greatest accuracy and correctness.

525. Not on your own account, but on account of parties for whom you were trustee?—The particular transaction to which I allude is the trust of the late Mr. Richard Wilson, and he was a particular friend of Mr. Cook's, and, if he had been alive, he would have done the same.

526. And was Mr. Cook correct in all such transactions?—Perfectly.

527. Are you aware whether Mr. Cook kept any banking account of his own?—I believe not.

528. If he had occasion to pay you money, how would you have been paid?—I believe it was generally by the check of Mr. Morgan's; I believe he was allowed to use their banking account in the transactions of his own private business.

[*The Witness withdrew.*]

Mr. *John William Cook* sworn and examined.

Mr. John W. Cook.

529. What is your particular profession or occupation?—I am clerk to Messrs. Morgan.

530. Do you also do business on your own account?—Yes; Messrs. Morgan have allowed me to do it, to have a commission from my own friends.

531. Your own connection?—Yes.

532. Who are the members of the firm of Messrs. Morgan?—W. and J. Morgan.

533. Are they all brokers, or only one of them?—William Morgan is the sworn broker.

534. Is it William only?—William and James is the firm.

535. Mention all the members of the firm?—William and James Morgan.

536. Edward Lloyd Morgan is not among the firm?—No.

537. Is he any relation to them?—Son to William Morgan.

538. James and William are two brothers, and Edward Lloyd is a son of William, and not in the firm?—Yes.

539. Is he doing business for himself, Edward Lloyd Morgan?—He transacts the business in the Stock Exchange for William and James Morgan.

540. Is William Morgan a sworn broker?—Yes.
541. Is he of the Stock Exchange?—Not now.
542. But Edward is of the Stock Exchange?—Yes.
543. But not a partner?—No.
544. Are you in the habit of doing business for Messrs. Steward and Bell?—Yes.
545. Were you acquainted with Mr. Wilson, whom they succeeded in office business?—Yes, he was a distant connection of my own; I have known him from my childhood.
546. Have you often been employed by Messrs. Steward and Bell to make any purchase in Government Securities?—Frequently.
547. What have been the securities you have usually bought for them?—Consols, New Three and a half per Cents., some Foreign Stock and Exchequer Bills, and some shares; those are the chief.
548. Did you receive instructions at any particular time from Messrs. Steward and Bell to purchase 3000*l.* Exchequer Bills?—Yes.
549. What did you do in consequence of those instructions?—In consequence of that, I asked Mr. Edward Morgan to buy them for me.
550. Were you present when the purchase was made?—No, I was not.
551. Are those bills now produced the same (*the bills were shown to the Witness*)?—As far as I can tell, they are the same, going by the numbers; I have no memorandum of my own.
552. No mark on the bill?—No; but I should say they were the same.
553. After those bills were purchased by Mr. Edward Morgan, what became of them?—They were brought into the office, and paid for in the office; and I handed them over to Mr. Steward.
554. Not to you?—They were brought to the office. I do not know whether they were handed to me, but they were brought to the office.
555. Whose office?—Messrs. Morgan's office.
556. Did you consider this a transaction of the office, or a transaction of yours?—A transaction of mine, as I had the commission.
557. You do not know whether they were handed over by yourself or not?—I might not be in the office at the time, but they were brought to the office.
558. Who settled the transaction with Mr. Steward?—I did.
559. Is that your ticket (*the ticket was produced to the Witness*)?—This is my own ticket.
560. And that is the cheque that was given to you by Messrs. Bell and Steward for them (*a cheque was handed to the Witness*)?—Yes.
561. A cheque on the Bank of England?—Yes.
562. Who handed them over to Mr. Steward?—Myself, I should say.
563. When did you see or hear anything more about these Exchequer Bills?—I should think it was a week afterwards.
564. What occurred then?—Messrs. Steward asked me about their bills on the Friday, I think, whether the bills were good; and I said they had better send them to be examined, to the best of my recollection.
565. Where did this conversation take place?—They called at the office (Messrs. Bell and Steward did) at 3, Pope's Head Alley, to the best of my recollection.
566. That is Messrs. Morgan's office?—Yes.
567. You think Messrs. Bell and Steward called at the office to make some inquiry about these bills?—Yes.
568. Who did they see at the office?—They saw me. I do not know whether the Messrs. Morgan were in the office at the time or not. I am sure they saw me.
569. You suggested, you said, that they should take them to the Exchequer to be examined? Yes; to the best of my recollection I said that.
570. Upon that occasion, or upon any other, do you recollect Edward Lloyd Morgan being present at any conversation about those Exchequer Bills?—On the Saturday and Monday Messrs. Bell and Steward called.
571. Were either of the Messrs. Morgan present then?—On Saturday Mr. William Morgan was present, and on Monday Mr. William Morgan was present: he came from up stairs, to the best of my recollection.
572. You not having made the purchase yourself, did you not apply to the person who had made the purchase?—Edward Morgan.
573. Did you not apply to Edward Morgan about them?—Yes, I did.
574. When was that?—That must have been on the Saturday, to the best of my recollection; I should say on the Saturday.
575. Did you learn from Edward Morgan from whom he had bought them?—Yes.
576. Who was it?—Mr. Tomkins.
577. Did you at any time see Edward Morgan, Mr. Tomkins, and Mr. Steward together?—I remember they were all three at once together at the office.
578. Was Mr. Tomkins known to you?—No.
579. He is a member of the Stock Exchange?—Yes.
580. Do you know anything more about these bills after that time, of your own knowledge?—No; not of my own knowledge.
581. You say you are Messrs. Morgan's clerk, and they allow you to do business on your own account with your own connection?—Yes.
582. To whom does the commission in such transactions go?—To myself.
583. Wholly?—Yes.
584. Did you keep any banking account yourself at that time?—No, I did not.

Examinations.

Mr. John W. Cook.

10th May, 1842.

585. In what way did you make payments that you may have had occasion to make?—All through Messrs. Morgan.

586. Through their account?—Yes.

587. Do they give you authority to draw on their account, or do you go to them?—I always go to them, and they draw a cheque; I never have authority to draw for them. Within the last fortnight I opened a banking account myself with the Bank of England.

588. Mr. Edward Morgan making the purchase for you, what commission or brokerage does he get?—None at all.

589. He makes it entirely as a friend for you?—Yes.

590. He did in this transaction of which we have been speaking?—No, I always had my own commission.

591. You always took the whole commission, although Mr. Edward Morgan transacted the business on the Stock Exchange for you?—Yes.

592. Can you tell of yourself in what manner the bills were paid for to the persons of whom they were purchased?—Yes.

593. How?—By a cheque on Jones Loyd.

594. In whose handwriting is the body of the cheque?—My own.

595. And signed by whom?—Signed by William Morgan for E. L. Morgan.

596. The cheque is drawn for the amount minus your commission?—Yes.

597. What did you do with the cheque of Messrs. Bell and Steward?—I received the cheque and paid the bank notes into Jones Loyd.

598. You received the amount of Messrs. Bell and Steward, and you paid the amount into Jones Loyd?—Yes.

599. To whose account?—Of Edward Lloyd Morgan.

600. Do you keep any separate book in which transactions of this sort, made on your account, are entered, or do they all pass through the account of Messrs. Morgan?—They all pass through Messrs. Morgan's books.

601. So that as far as appears from the books they would all appear to be transactions of Messrs. Morgan?—Yes, except the commission always went to my credit.

602. Would you not appear anywhere in reference to this transaction?—Yes; if you like to see that in the ledger, I can show it to you.—(*A volume of Messrs. Morgan's ledger is produced, and the Witness points out an account headed J. W. Cook, which contains entries of different sums received by him for commission, and among others the sum of* 1*l.* 10*s. on the* 22*nd October,* 1841, *the transaction being with Messrs. Bell and Steward.*)

603. That entry referred to this particular transaction?—Yes, it came through all the different books.

604. Are any other clerks in Messrs. Morgan's office allowed to have private business the same as you have?—I am the only clerk in the office.

605. There are no more clerks?—No.

606. How long have you been with Messrs. Morgan in that capacity?—Near seventeen years; I should say since the 2nd of February, 1825.

607. Has there been no other clerk during all that period?—The first two or three years there was a clerk there, Mr. Cundy.

608. When did Mr. William Morgan cease to be a member of the Stock Exchange?—In 1835.

609. How long has Mr. Edward Morgan been a member of the Stock Exchange?—Since 1835; and before that, clerk to his father.

610. Has he been a member of the Stock Exchange since that time continually?—Continually since that time.

611. With reference to these particular bills, from whom did you receive them yourself—what hand? You say they were brought to the office of W. and J. Morgan; who put those bills into your hand?—I am sure it is so long ago that I cannot recollect. They were brought to the office and they were paid for.

612. Was it from one of the Messrs. Morgan that you received the bills?—I really cannot trust my memory to state that as a fact.

613. Who paid Mr. Tomkins?—He was in the office at the time I drew the cheque.

614. You paid him yourself?—I should think so.

615. What banker's name is across the cheque?—Robarts I should say the handwriting is.

The Witness delivered in the two following documents:—

"*No.* 43. "*Lothbury, London, 22nd Oct.* 1841.

"*Messrs. Jones Loyd and Company,*

"*Pay Mr. Tomkins or Bearer, Three thousand and fifty-two pounds ten shillings.*

"£3,052 10*s.*" "*For* E^D. *L. Morgan.*

"*W^M. Morgan.*"

"London, 22nd October, 1841.

No.			
6495	3 | 1000 Exch. Bills	£3,000	0 0
6496	16th June, 128 days	36	0 0
6497	Premium, 11*s.*	16	10 0
		£3,052	10 0"

"Henry Tomkins."

616. Was the arrangement, which allowed you to do business on your own account, part of

the consideration of your services as a clerk?—I can hardly answer: I do not think there was any agreement about it. When I went there I was to get as much connexion as I could of my own.

617. Have you some salary?—Of course.

618. They did your business gratis?—Yes; they never charged me anything for it.

619. Have they a respectable connexion as brokers?—A first-rate connexion they have.

620. Are they brokers to any bankers, or people of that class?—Yes; they were brokers to two bankers.

621. Till this occurrence with respect to the Exchequer Bills?—Yes.

622. What bankers?—They were brokers to Ransom and Co.

623. All you got by this transaction was 30*s.*?—Yes.

624. The amount of the brokerage?—Yes.

625. The amount of the commission?—Yes.

626. As to your circumstances, Mr. Cook, supposing proceedings were taken against you, and a verdict should be obtained against you, are you in a situation to pay it?—Certainly not.

627. Are you in a situation to pay, without ruining yourself, the sum of 3000*l.*?—I should be ruined entirely.

628. You are not a man of independent property?—No; I have nothing to depend upon but my salary, and the kindness of my friends in giving me commissions.

629. Have you any reason to doubt the fairness of the transaction, as far as Mr. Edward Lloyd Morgan was concerned?—Not in the least.

630. Have you found him generally accurate in his mode of doing business?—Yes.

631. You stated that you made considerable purchases of stock and Exchequer Bills for Messrs. Bell and Steward, were those purchases made for themselves particularly, or for themselves and their clients?—For themselves and their clients.

632. Do you ever remember making any investment for the firm of Bell and Steward independently, except in Exchequer Bills?—I have generally bought for Bell and Steward, in their joint names, Exchequer Bills. I never recollect purchasing anything for Messrs. Bell and Steward, specifically, except Exchequer Bills.

633. Then the transactions in stock were for their clients, in particular names?—Yes; I should say they gave the names.

634. Not the names of Messrs. Bell and Steward?—Yes.

635. Was the cheque given to you for payment of Tomkins put into your hands by Edward Morgan?—I think I have given evidence that it was paid to Tomkins by me.

636. From whom did you receive the cheque?—By looking at the signature I should say that Mr. William Morgan signed the cheque; I only go by the signature.

637. In the previous course of the transaction, had you seen anything of the Messrs. Morgan, or either of them, with respect to that transaction?—I had seen Mr. Edward Morgan, and had asked him to buy me 3000*l.* of bills.

638. Did anything pass between you and him, or either of the Messrs. Morgans, till that cheque was obtained for the payment of Tomkins?—No.

639. Could anybody have brought these bills except Edward Lloyd Morgan?—Mr. Tomkins may have brought them himself, but I do not recollect who.

640. Mr. Edward Lloyd Morgan, he does not seem to be in partnership with his father?—No.

641. Does he act by himself?—He acts for his father in the Stock Exchange.

642. Not on his own account?—He does the business for the firm.

643. What was the reason of Mr. William Morgan ceasing to be a member of the Stock Exchage?—He did not pay the differences that were then due to the members.

644. Has he continued to retain a respectable station in the City?—Decidedly.

645. What denomination of business has he carried on since then?—A stock-broker.

646. In what capacity do you conceive Edward Morgan to stand in that house of Morgan and Co.?—He has a certain sum given to him every year, whether you consider him as a clerk or as agent doing his father's business in the Stock Exchange.

647. Was James Morgan ever on the Stock Exchange?—Never, to the best of my recollection.

648. Was Edward Lloyd Morgan the broker acting for the firm of Messrs. Morgan?—Edward Morgan did the whole of the business on the Stock Exchange, he being the member of it for that house.

649. From your keeping the books, you can tell us whether the commission received by Edward Lloyd Morgan was carried to his own account, or carried to the credit of the firm of William and James Morgan?—William and James Morgan. I always considered the commission was William and James Morgan's.

650. So in that respect he was on a different footing to what you stated?—Yes.

651. Had he a salary carried to his account every year, or a sum that varied?—I should say a certain sum put to his credit every year.

652. That you would know as keeping the books?—Yes, Mr. Morgan can explain that better than I can.

653. Had William and James Morgan any banking account independent of that account of Edward James Morgan?—They have got an account of William and James Morgan. It has not been acted on since 1835 and 1836.

654. You consider that account as closed?—It is a dormant account.

655. Neither payment nor receipts made on it?—No.

656. Is Mr. Edward Lloyd Morgan a person of credit in the City?—Yes.

Examinations.

Mr. John W. Cook. 10th May, 1842.

657. A person of property?—His wife had property.

658. When did he marry?—He was married, I think, in 1835.

659. Is his wife's father considered a person of considerable property?—Very wealthy indeed.

660. Do you know who Mr. Edward Lloyd Morgan's father-in-law was?—Mr. Smith.

661. What Smith?—Smith of Gough-square. A rich furrier.

662. Mr. Edward Lloyd Morgan then would appear as a respectable member of the Stock Exchange?—Yes, very good credit, and very much liked, I should say.

663. What was the particular reason that the banking account was opened in the name of Mr. Edward Lloyd Morgan?—It was after 1835, when Mr. W. Morgan went from the Stock Exchange.

664. Then is it necessary, in a firm of brokers, that the banking account should be kept in the name of the party who is on the Stock Exchange, who is a member of the Stock Exchange?—Yes, a person who is on the Stock Exchange, his own cheque is more preferable to give than a person who is out of the Stock Exchange.

665. A broker on the Stock Exchange gives his own cheque in these transactions?—Yes.

666. And that would be a reason why Mr. Edward Lloyd Morgan's name should be used in the banking account?—Yes.

667. Mr. William Morgan acts by power of attorney to draw on the account?—Yes.

668. But William and James Morgan have the power to draw cheques?—Yes, to draw on Edward Lloyd Morgan.

669. You have stated that a sum was allowed to Mr. Edward Morgan; was that allowed to him as partner or clerk?—I cannot tell what the arrangement was between father and son.

670. Are you perfectly cognizant of the state of the transactions of Morgan and Co. since 1835?—Yes, business has been very good.

671. Have they carried on a good business since 1835?—Yes.

672. Do you conceive it to have been a profitable business?—Yes, their commission business is a very good one.

673. Since the year 1835?—Yes.

674. They carried on no business but that?—No other business but stock and share business.

675. Did you keep the accounts of the house?—Yes.

676. Can you describe more particularly the nature of their dealings?—Buying and selling of stock, and borrowing and lending of money.

677. As stockbrokers?—Yes.

678. And lending of money?—And borrowing and lending of money.

679. Did they take in money for any bankers?—Yes.

680. I believe it is customary for persons in their situation to take money from bankers and make what interest they can of it?—Yes.

681. And in so doing they were in the habit of lending money on the interest and stock of Exchequer Bills or common Bills of Exchange?—Not so much of late the common bills as Exchequer Bills and stock. They were very large bill-brokers formerly.

682. Had they much business in the Share Market?—Not so much as in the Stock Market; the different stocks.

683. Had they, since your connexion with them, any connexion with a company called the Anti Dry-Rot Company?—No, we have bought Anti Dry-Rot shares and sold them for parties.

684. On the Stock Exchange?—Yes.

685. Mr. Morgan was not any otherwise connected with the company than dealing with the shares, as he might with any other shares?—Certainly not.

686. Was not a son of Mr. Morgan's connected with that company?—His eldest son, William, was. That we had nothing at all to do with.

687. Had Morgan and Co. transactions with Spanish stock?—Yes, we used to deal very largely in Spanish stock at times.

688. Of late years?—Yes.

[*The Witness withdrew.*]

Mr. *Charles John Brown*, sworn and examined.

Mr. C. J Brown.

689. On the 21st of May, 1841, did you sell Mr. Cole an Exchequer Bill, and what is the number of it?—I sold him a large quantity of bills on that day; one parcel of 1700*l.*, another of 10,000*l.* Among the 1700*l.* I found the number 8284, a 1000*l.* bill.

690. In what way was that paid for? with others, I suppose?—With others.

691. Have you any note of the transaction of which that was a part?—We have no note from us as dealers to Mr. Cole; he being the purchaser, we gave a note to him. We do not receive a note; we only receive a draft for the amount. We make a bill of sale; it is customary with us.

692. This was on the Stock market?—No, the open market.

693 What is your particular line of business?—Dealing in Exchequer Bills.

694. Exchequer Bill dealer?—Yes: I should say that I have very seldom dealt in any stock, merely occasionally; but from a youth I have been brought up in that market, and on my own account. I may say I have been engaged these thirty years, in consequence of which I must be cognizant of everything connected with Exchequer Bills. (*A bill of sale to Mr. Cole was handed to the Witness.*) This is my son's writing, as signed in behalf of us.

695. What was the whole amount of the transaction?—1700*l.* worth of Exchequer Bills.

696. In what manner was that paid?—In referring to the book against the bankers, I find Mr. Cole gave me a draft for 14,000*l.* and odd money, and, of course, this is part of it; for I find by my book on the 21st that we sold to Mr. Cole 1700*l.* Exchequer Bills, 100*l.* Exchequer Bills, and likewise 10,000*l.* Exchequer Bills; and no doubt there was another transaction between us, so that he paid me that amount of money by a draft. I look upon it, it must have been upon Smith, Paynes. Occasionally we have a draft by Cole on the Bank of England, he being the Bank broker.

697. Did that Exchequer Bill afterwards turn out to be forged, numbered 8284? (*The Exchequer Bill was handed to the Witness.*)—I have every reason, by the number, to believe that this is the Exchequer Bill; but I have no mark on the Exchequer Bill to say that I can identify it.

698. State to us anything that you have to say relative to the possession of this bill, or where it came from to you?—I find by looking to our books, that on the 10th of May we bought (I must presume that is the same Exchequer Bill), that we bought an Exchequer Bill numbered 8284, dated the 15th of March, in a parcel of 5000*l.*, of Messrs. Knight and Co.; and I would produce the note of sale to me from Messrs. Knight, that they pass in this way with a note of sale from one person to another. It has been the custom ever since Exchequer Bills have been in existence that notes of sale should pass with them. We have various other tangible security in the Stocks with which notes do not pass. I would instance all foreign security and railway shares; they merely pass the identical receipt or the identical scrip, and receive the money. So that there is no such thing as identifying it so well as there is by the Exchequer Bill.

699. In Exchequer Bill transactions a note passes?—Yes.

700. Is that the note?—Yes; the bottom number, I have just put a cross against it, which identifies that number from Messrs. Knight to us (*producing the note*).

701. Messrs. Knight and Co. reside at Tokenhouse Yard?—Yes, or at the Stock Exchange. They are brokers; and we dealers stand between the broker that has to buy and the broker that has to sell. Therefore you see my position between the two parties: I buy from Mr. Knight as a dealer myself, and I sell to Mr. Cole.

702. Did you buy in the name of the firm?—Yes.

703. What did your firm consist of?—Our firm was Charles and Thomas Brown; but I have left the firm myself now.

704. You stated that you retired from the business?—Yes.

705. Not at the time?—No.

706. Then you put in your note of the transaction?—Yes; and likewise the cheque for the whole of the amount. This is our cheque-book from the banker's book; and you will find the name of Knight for 1045*l.*, agreeing with the Bank.

707. You stated that the Exchequer Bill in question was one of the 5000*l.*?—Most undoubtedly, as far as I can identify the number; but I have no power to identify the bill. Sometimes we could identify an Exchequer Bill; for instance, on giving my sons the bills, we mark the name of the person on the back of them to whom we sell them. Of course, that would be the identity of my own writing; I could prove that.

708. Did that Exchequer Bill, 8284, remain in your possession from the time you bought of Messrs. Knight till you sold it to Mr. Cole?—Not a question of it.

709. What became of the other four Exchequer Bills?—I could, by tracing them, inform you. They were sold.

710. Were they sold in the ordinary way of business?—Yes; but sometimes, as dealers, we have Exchequer Bills in our possession, as dealers, unsold together.

711. Then go on with your narrative, and tell us what occurred about this bill of Mr. Cole's.—As soon as Messrs. Smith and Payne sent it into the Exchequer Office for examination, it was impounded; and Messrs. Smith requested Mr. Cole to desire that I would furnish them with another Exchequer Bill, but we thought it was rather premature to have that demand made when there was no proof, no real proof, of the Exchequer Bill being so forged; and in our mind, we did not admit the fact of its being a forged one, because I would almost say, looking at that bill now, that, after thirty years' experience, if the stamp on the back of it, with the name of "Exchequer Bill Office," have the stamp, I should not hesitate in taking it, because it is from the general character of the bill that we assume to know it when it is put before us. I can illustrate that:—In the year 1840, September, I bought of Mr. Cole, at that time, a large amount of Exchequer Bills, 30,000*l.*, which bills I believe came from the Bank of England, and were there deposited by the Government for a loan of money, which I believe the Government required an extra million of money in that year. These Exchequer Bills, when I bought them and received them of Mr. Cole, struck me in a moment that there was something different in the character to the usual Exchequer Bill; and upon more closely examining what that could be, I could see nothing on the face of it, but that the date was put in writing, instead of being printed as it is on that Exchequer Bill. But the signature, as dealers, we should hardly one moment have thought of looking at. I would merely mention to you the reason why we did not look at the signature, but it was the general character of the bill upon which we bought it: because, when first Sir John Newport signed the Exchequer Bills, and when first Lord Monteagle signed the Exchequer Bills, I have every reason to believe the two first Exchequer Bills that came into the market, signed by these parties, came into my hands; and I did not know either Sir John Newport's signature or Lord Monteagle's signature; I was never shown it, like a cashier at a banking-house is, so that I had no reference. If I had bought those bills, and they had been forgeries, I could not have known about it, not knowing the character of the signatures. Therefore it is upon the general face of the bills, stamp, the

Examinations.

Mr. C. J. Brown.
10th May, 1842.

usual printing, the grant, everything of that sort, that we should continue to buy now. I have been shown a great many Exchequer Bills, bearing the supposed forged signature, and a great many with the genuine signature; and, as far as my judgment would allow me to state, there are many of them that bear such a great resemblance the one to the other, that, unless it was for the counterfoils disagreeing, I should almost say it was a moral impossibility to detect the one from the other. And I am free to confess, in my own mind, that, if the forged counterfoils had been introduced where the real counterfoils are, it would have been a great difficulty for any person to detect them. My attention has been drawn to that, because, having been so many years occupied and dealing in these commodities, I have been asked the question by many individuals in the City.

712. State the course of the transaction: when this bill was detained, what took place between you and Mr. Cole?—Soon after this bill was detained, Mr. Cole requested we would furnish him, or Messrs. Smith, with another Exchequer Bill. My answer was, of course, we would apply to the party of whom we bought it; and it would run through a chain, in the Stock Exchange, of different men, until it came to the real seller of the bill. We traced that among ourselves, and found that it was sold by a broker, a Mr. Mac Rae, for Major Anderson. If you would excuse my offering the suggestion, it would be very easy to trace this bill at once to the parties: I could give you all the intermediate links.

713. You traced it back, and found it was sold by a broker for Major Anderson?—Yes.

714. That is beyond the link of Knight and Co.?—It is beyond them. But I would give you the links in one moment; and the Committee of the Stock Exchange decided it in less than half an hour, from *A.* to *B.*, with all the links, that I should be bound to find Mr. Cole another bill.

715. State the transactions which you have been concerned in, personally, with respect to this bill?—I bought it of Mr. Knight.

716. Then a claim was made by Mr. Cole?—Yes; and which claim we forwarded likewise, in the same tenor of the letter, to Messrs. Knight; and Messrs. Knight copied that letter, and handed it to Messrs. Cooper and Co., of whom they bought the bill; and Messrs. Cooper and Co. handed it to Mr. Mac Rae, of whom they bought the bill; and Mr. Mac Rae sold the bill for Major Anderson, who, I understand, loaned the money to Messrs. Morgan. You will observe, as far as we are concerned as members of the Stock Exchange, we had only to go to Mr. Macrae. As members of the Stock Exchange, we knew neither Major Anderson as the principal, nor Messrs. Smith and Payne; therefore it rested between Mr. Cole and Mr. Macrae, both being members of the house, and all the links besides. I requested, then, of Mr. Cole, that we might have this done in a regular way; that he would bring a statement before the Committee of the Stock Exchange of the facts, and demand that they would investigate the transaction; and, if they thought that I ought to find another Exchequer Bill, to desire me so to do, and I would replace it immediately. The question came before the Committee of the Stock Exchange, and I was equally anxious as Mr. Cole to get it settled; and, by joint representations, the Committee decided that I must find a genuine bill for that which was supposed to be a forgery; which I did, and then applied to the Committee to make the same decision in Messrs. Knight's, they prayed the Committee to make the same decision on Messrs. Cooper, and Messrs. Cooper on Mr. Mac Rae; and there the bill, I presume, rests.

717. What decision have the Committee come to with respect to Messrs. Knight?—The same decision. Throughout the Committee were unanimous in their decision. It was after the verdict that was obtained against Tomkins by the Bank of England.

718. Their resolution goes up to what point in the chain?—Mr. MacRae, who is the last member of the Stock Exchange. We cannot follow it any further.

719. Did Messrs. Knight furnish you with a genuine bill?—Yes.

720. So that the transaction, as far as you are concerned, is quite closed?—Quite closed; and we did it among ourselves as a body of men to save expense; because I knew if Messrs. Cole brought an action against me for the recovery of it, after that decision of the Bank of England against Tomkins, it would be very foolish for me to defend such an action; and likewise Messrs. Knight thought the same with respect to themselves, and Messrs. Cooper to Messrs. Knight, and Mr. MacRae to Messrs. Cooper.

721. How long have you been acquainted with Messrs. Knight and Co. on the Stock Exchange, of whom you bought?—Some years.

722. Have they been a good while engaged in business?—A long while in the Stock Exchange.

723. Are they dealers or brokers?—They are brokers. In fact, they communicated to me whom they bought this bill for, and whom they sold it for.

724. They will, of course, be able to tell us?—I can tell you that directly; it is Messrs. Longman, the booksellers; they bought originally for them, and sold it for them.

725. Had you many transactions with Messrs. Knight and Co. before?—Yes, and since.

726. To a large amount?—Always.

727. The purchase was conducted in that respect in the ordinary course of business?—Yes.

728. There was a young Mr. Brown in your firm?—My brother.

729. Was there not a son of one of you a clerk?—Yes.

730. Was it your son?—Yes.

731. Are you the father of the young gentleman who acted as clerk at that time?—Yes; and I have given up in favour of him.

732. I think you say you were dealers in Exchequer Bills; did you also deal in India Bonds or floating securities?—Yes, as a matter of course, and in borrowing and lending money; that is our principal business.

733. What do you say was the amount of the balance paid to you by Mr. Cole?—14,196*l.* 3*s.* 8*d.*

734. That included the payment for this bill?—Yes.

735. It has been stated as a balance of 11,000*l.* odd hundreds; that is not so?—There must have been another transaction mixed up with it. It would appear, according to my book, I sold Mr. Cole a great many that day. I have a 1700*l.* and a 100*l.* I look upon it that Mr. Cole did not pay me for the single 100*l.* on that day. I cannot account why he did not pay me.

736. Did it occur to you at all to examine the bill with a view to its genuineness?—Certainly not; nor do jobbers at the present moment.

737. This was not at a time when any suspicions existed as to improper bills being in the market?—Not the least, until it was rumoured about that bills had been paid in on the funding that were not genuine. We had not the least suspicion of the kind; and, indeed, I might instance that, in the first place, the two first bills that were thought to be forgeries proved not to be. They were of the same numbers and the same dates as two that were in the market.

738. It turned out they were of a different issue?—Yes.

739. If necessary, somebody from Robarts and Co. can prove the actual payment of this 5000*l.* on your account?—Yes, not the least doubt of it; as the same could be proved from Mr. Coles's banker that they paid me that amount.

740. In which of those books is this transaction entered?—The sold book to Messrs. Cole, the bought book from Messrs. Knight. (*These books were shown to the Commissioners, and the Witness referred to the bought and sold books, which contain entries relating to this transaction.*)

741. You said that Cooper and Co. were members of the Stock Exchange?—Yes.

The Witness delivered in the following documents:—

"*No.* —. 15, *Lombard Street, London, 10th May,* 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis, & Co.*

"*Pay* 97 —— ——, *or Bearer, Five thousand and forty-one pounds, five shillings.*

"£5041. 5*s.* CHARLES JOHN BROWN."

"29, Tokenhouse Yard, 10th May, 1841.

"Sold to Messrs. Brown,

Nos. 258 764 3829 4146 8284	5 | 1000 Ex. Bills	£5000	0	0
	Premium, 6*s.* per cent.	15	0	0
	Interest, 15th March, 1841, 56 days at 2¼*d.* .	26	5	0
		£5041	5	0"

"For Knight and Co.,

"CHARLES WARD."

Mr. *Adam Hilton* sworn and examined.

742. Do you recollect, on the 26th of October, 1841, having sold any Exchequer Bills to Mr. John Hensley?—I sold altogether 10,000*l.*: 5000*l.* to Mr. John Hensley, and 5000*l.* to Mr. William Scott.

743. Was that the note given by you to Mr. Hensley (*the note was shown to the Witness*)?—Yes, it is.

744. Is that your handwriting?—It is.

745. In what manner were those bills paid for?—They were paid for by a cheque from Mr. Hensley, on Jones Loyd.

746. Was that paid to your bankers, Messrs. Currie?—Yes.

747. For whom did you sell those Exchequer Bills?—For Messrs. Currie, for a principal of theirs, in whose name the sale-note was made out—a Mr. John Mollett.

748. A customer of Currie's?—Yes.

749. State anything that passed with reference to these bills in your own way?—Mr. Hensley bought them for the purpose of funding for the Exchequer Bills, and consequently they were impounded. That is all I can say with respect to Mr. Hensley's purchase; and that I understood from him that he paid them into the Bank of England.

750. You was no party to that?—No.

751. What afterwards occurred with you about these bills: did Mr. Hensley come back to you on them?—He came back to me, and told me that they were impounded at the Exchequer as spurious bills; and he gave me a note from the Exchequer, and a letter he showed me from the Chancellor of the Exchequer, and I took that to Messrs. Currie, on which they paid me 5000*l.* in Bank-notes, which I gave to Mr. Hensley. The interest and the premium I paid to Mr. Hensley by my own cheque, which amounted to 86*l.* 17*s.* 6*d.*

752. On the 26th, as late as that, were there not some rumours about Exchequer Bills being improperly in circulation?—There were; and the Exchequer Bill market was in that awkward state that I should only have sold Exchequer Bills for my own bankers, or for people who were equally responsible.

753. You received the bills from Messrs. Currie?—Yes.

754. You would not have taken them from strangers to go into the market to sell?—Certainly not: I should not have done it.

755. Is your business that of a broker?—A stock-broker.

756. Did you receive the bills yourself from Currie's?—Direct from Currie's; but at their request the sale-note was made out, "Sold for Mr. John Mollett, by order of Currie and Co." I believe he is a very respectable Russian merchant, and I think he lives in Broad Street.

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Mr. Adam Hilton. 10th May, 1842.

757. From what member of their house was it you received them?—I received them, I rather think, from Mr. Henry Currie, but I am not quite sure: it was one of the gentlemen who manages that department, or Mr. George Isaac Currie, but I forget which.

758. Are those the bills, with the numbers (*the documents were shown to the Witness*)?—I took the precaution to mark them, and this is my marking at the top of each of them.

759. You can speak to them all?—Yes: they are my own initials.

760. These are the identical bills that were sold by you to Mr. Hensley?—These are the bills.

761. And which you had received previously from Messrs. Currie?—Yes.

762. On looking at these bills, is there anything on the face of them that would have excited your suspicion if there had been no rumours in circulation?—Nothing at all.

763. There being rumours, you examined them?—No; I marked them.

764. In consequence of those rumours did you examine the bills?—I cannot say I did. Coming from such a respectable quarter, I took for granted everything was perfectly right.

765. I do not know whether you can tell us what was the nature of the suspicion that was afloat at all?—I do not think there was an idea that there were downright forgeries, but from some neglect in the Exchequer Bill Office, that there were duplicate numbers; and there were some erroneous proceedings about it that had created great suspicion, so much so that some of the jobbers had closed their books, and would not deal in them.

766. As well as you can charge your memory, had that sort of suspicion existed many days?—Certainly, I think, two or three days preceding the day that I sold these bills.

767. You sold them on the 26th: was that the morning that you had them, or had you them any time before?—No; I had them that very morning.

768. The same morning that you handed them over to Mr. Hensley?—Precisely.

769. Did you hand the cheque over to Currie's?—I handed the cheque over to Currie's for the amount.

770. You had no dealings with Mr. Mollett?—None whatsoever. I never heard his name until Messrs. Currie told me to make out the sale-note in the name of their principal, by their order.

771. Of course you do not know how the bills came into Messrs. Currie's possession?—No, I did not, as I told you; I sold 10,000*l.*, but I have only been questioned on 5000*l.* Now, I sold 5000*l.* to a Mr. William Scott, Nos. 8445, 8446, 7057, 7063, 7064, and I have reason to believe that they are likewise spurious.

772. Those are bills that are set down in the schedule to the Act to Messrs. Coutts and Mr. Lawford?—I understood that Messrs. Coutts had 4000*l.* out of the 5000*l.* that they sold through their broker.

773. Whom did you sell those too?—To Mr. William Scott; he is a respectable jobber in the market.

774. Is he connected with Mr. John Wray Scott, who is either a jobber or a broker?—I think he is no relation; Mr. William Scott is a very old jobber in Exchequer Bills in the Stock Exchange, and a respectable man.

775. You sold 10,000*l.*; how did you obtain them?—They all came from Messrs. Currie's, all in one lot.

776. You sold them to Mr. William Scott?—Yes.

777. State anything that occurs to you about them?—I have drawn out a copy of the sale-note I sent to Messrs. Currie's, which, no doubt, is in the hands of Mr. Mollett, but, if it will throw any light on it, perhaps you will take possession of it. There is a copy of the sale-note I sent to Messrs. Currie's (*The Witness produced it*), and a copy of the note which, as the seller of Exchequer Bills, we always give to those who purchase them, signed by the seller's broker, with the numbers and the amount of the premium; and this is the copy of that 5000*l.* sold to Mr. Hensley, and 5000*l.* to Mr. William Scott.

The Witness delivered in the two following documents:—

"London, 26th October, 1841.

"Sold to John Hensley:

7058 to 7062	5	1000*l.* Exchequer Bills, 16th June		£5000	0 0
		132 days at 2¼*d.*		61	17 6
		10*s.* premium		25	0 0
				5086	17 6"

"Adam Hilton."

"London, 26th October, 1841.

"Sold to William Scott:

8445 8466	2	1000*l.* Exchequer Bills, dated 15th March, 1841, 225 days at 2¼*d.*		£2042	3 9
7057 7063 7064	3	1000*l.* Exchequer Bills, dated 16th June, 132 days at 2¼*d.*		3037	2 6
		10*s.* premium		25	0 0
				5104	6 3".

"London, 26th Octoher, 1841.

"Sold for John Mollett, Esq., by order of Messrs. Currie and Co.:

8445 8446	2 | 1000*l.* Exchequer Bills, 15th March, 225 days at 2¼*d.*	£2,042	3	9
7057 to 7064	8 | 1000*l.* Exchequer Bills, 16th June, 132 days	8,099	0	0
		£10,141	3	9
	10*s.* premium . .	50	0	0
		£10,191	3	9
	Brokerage . .	5	0	0
		£10,186	3	9"

"Adam Hilton, 9, Throgmorton Street."

778. How were those bills by Mr. Scott paid for?—By cheques. Mr. John Hensley gave me his cheque, and Mr. William Scott gave me his cheque for his purchase.

779. On whom did Mr. Scott draw?—I rather think Mr. Scott banks with Glyn and Co., I am not quite sure. That bill, 8445, Mr. Scott returned to me on the 29th of October, and I then took it to Messrs. Currie's, and they gave me a 1000*l.* bank-note, which I gave to Mr. Scott, and left it in Messrs. Currie's hands.

780. What was done with the other four of those you had sold to Mr. William Scott?—I rather think Mr. Scott sold them to Mr. Capel, the broker, for Messrs. Coutts.

781. They did not come back to you?—No.

782. That bill, 8445, was left in your hands?—Yes.

783. You do not know what became of them?—No.

784. You know those four bills (*four bills were shown to the Witness and he identified them*)?—Yes, when I gave Messrs. Currie the notice from the Exchequer Bill Office that they were impounded, Messrs. Currie gave me 4000*l.* for those bills, which I also gave to Mr. Scott.

785. 8445 is one of the detained bills, and that was left in Messrs. Currie's hands?—Yes.

786. It is one of the bills now in the hands of Government?—I suppose Messrs. Curries sent their bills up to be examined, and that being a spurious one, I suppose it was impounded.

787. All you know is, that you took it back to Messrs. Currie's, and got 1000*l.*?—Yes.

788. Do you know John Lawford?—Yes, he is here now; he is Messrs. Currie's chief clerk; his father was a partner in that house; he is a nephew of Mr. Lawford, the solicitor.

789. At the time the remaining 4000*l.* was paid to Mr. Scott by Messrs. Currie and Co., the bills representing that 4000*l.* had been detained by Government?—They had.

790. You have not stated the date of your sale to Mr. Scott?—The 26th of October; all sold the same day.

791. All received from Messrs. Currie that same morning, and all sold?—Yes.

792. 5000*l.* of the one and 5000*l.* of the other?—Exactly so.

793. Messrs. Currie and Co. have ultimately paid the whole of this 10,000*l.*?—Yes.

794. You received these bills from Messrs. Currie for sale without knowing anything about them?—That is all.

795. They were put into your hands for sale?—I should not have sold them from any one less respectable.

796. You are generally employed as broker by Messrs. Currie & Co.?—Not generally sometimes they do me the favour to employ me.

797. You had been employed by them before?—Yes.

[*The Witness withdrew.*]

Mr. *John Lawford* sworn and examined.

798. What are you?—Clerk to Messrs. Currie.

Mr. John Lawford.

799. Your name is mentioned in the Schedule of the Act of Parliament in connexion with the bill 8445. Do you claim to be the owner of that bill, or what is your connexion with it?—I merely took it up to the Exchequer Office to have it stamped for Messrs. Currie.

800. It bears your indorsement?—Yes. (*The bill was shown to the Witness, who produced the counterpart.*)

801. Do you recollect on what day it was you took the bill up to be stamped; was it the date of the receipt, or shortly previous?—Shortly previous, I imagine, as we had got the acknowledgment.

802. You received it from Messrs. Currie and Co. for the purpose of being taken up to be examined?—Exactly so.

803. Is there anything, except what appears by their books, which you can state, of your knowledge, relative to this No. 8445?—Merely that we put the bill into Mr. Hilton's hands to be sold, and it was returned to us, supposed to be a spurious bill.

804. You know the fact to be so yourself?—Yes; I saw Mr. Hilton upon it myself.

805. State what passed between Mr. Hilton and yourself on this bill?—I went to Mr. Hilton to give him directions at his office.

806. What passed?—I can only say that I put the bill into his hands to be sold.

807. Had you occasion to see him again on the subject of the bill?—I am not quite sure I saw him when he brought the bill back. I think he saw one of the partners.

Examinations.

Mr. John Lawford.

10th May, 1842.

808. The bill was ultimately brought back and left in the hands of Messrs. Currie and Co.?—Yes.

809. It was not left with you?—It was left in my charge.

810. By whom was it left?—I imagine it was given to me by Messrs. Currie. I cannot say for certain whether it was given by Mr. Hilton or Messrs. Currie.

811. By one or the other?—I have the care of their Exchequer Bills; it was put into my hands in that way.

812. Do you know, of your own knowledge, of any payment having been made by Messrs. Currie on account of this bill?—I know, of my own knowledge, that they advanced money on it.

813. Do you know of any payment having been made to Mr. Scott in respect of this bill by Messrs. Currie and Co.?—The money was repaid to Mr. Hilton, as far as my knowledge serves me, the value of the bill.

814. Not to Mr. Scott personally?—No.

815. Was it paid to Mr. Hilton on account of Mr. Scott?—It was paid to Mr. Hilton on account of the bill which was returned.

816. You do not know whether it was paid to Mr. Hilton on account of Mr. Scott or not?—No, I do not.

817. Of your own knowledge you do not know that the bills came into Messrs. Currie's possession?—Yes.

818. If you can state that fact, have the goodness to do so?—The bill 8445 came into the possession of Messrs. Currie—here is the entry in my hand-writing—in exchange for a bill that was left as security for a loan.

819. When was it received by Messrs. Currie?—On the 7th of June, 1841.

820. In exchange for another bill?—In exchange for another bill that was retired the same day.

821. Do you happen to know the number of the other bills that were withdrawn?—5985 the original bill was, and the other was 5899.

822. And they were in lieu of what bills?—Those are the original bills; they were retired; the numbers 8445 and 8448 were substituted for them.

823. Proceed with that statement?—On the 14th of April, 1841, Messrs. Currie sent to Mr. Mollett to know if he could employ money for them, either by bills for discount, or taking a loan on a security. On that day Mr. Mollett took 5000*l.* at 4½ per cent., one day's notice of repayment to be given on either side. He deposited Exchequer Bills as a security. On the 24th of April he took 4000*l.* more on the same terms and on the same security. On the 22nd of May——

824. They were all in Exchequer Bills?—Yes. On the 22nd of May he took 4000*l.* more, at 5 per cent., making 13,000*l.*

825. Still on Exchequer Bills?—Yes; there was an alteration in the value of money at that time. On the 4th of June Mr. Mollett repaid to Messrs. Currrie 6000*l.* and interest. Mr. Henry Currie, a partner in the house, lent Mr. Mollett 6000*l.* of private money, and took the same security, on the same terms—5 per cent. interest.

826. In Exchequer Bills?—Yes; and on the 5th of June Mr. Mollett repaid to the house of Messrs. Currie 3000*l.*, and interest, leaving 4000*l.* due to Messrs. Currie, and 6000*l.* to Mr. Henry Currie.

827. Do you speak of these entries as having made them yourself, of your own knowledge; are they books that you keep?—They are books I keep myself.

828. Do I understand you rightly that this extract was made by yourself, and also that the books are kept by yourself?—The extract was made by myself, and the books are in part kept by myself, nor entirely.

829. Proceed with your statement?—The Exchequer Bills in question hitherto had been deposited with other securities; I should explain that a little.

830. You are speaking of a particular bill, which you say came to the hands of Currie and Co. on the 7th of June, 1841, and it came in exchange for other bills—state, on this date, the 5th of June, what were the numbers of the Exchequer Bills in the hands of Messrs. Currie?—Those two bills I have already mentioned, of 5899 and 5985.

831. Were those the only Exchequer Bills in their hands?—No; there were eight others; numbers 5930, 5931, 5932, 5933, 5876, 5877, 5878, and 5929.

832. These were then in the hands of Messrs. Currie?—Yes.

833. Do you happen to know the date of the bills?—The 17th of June, 1840, the whole of them.

834. And the whole had been received from Mr. Mollett?—Yes; those bills had hitherto been deposited with other securities in my charge; but now, on the 4th of June, they were entered in the Exchequer Bill book, and the following is a copy of the entry:—"5985, 5899, 5930, 5931, 5932, 5933, 5876, 5877, 5878, and 5929." On the 7th of June Mr. Mollett retired two Exchequer Bills.

835. Have you got the numbers of those?—5985 and 5899, and replaced them by bills dated March, 1841.

836. Leaving bills 8445 and 8446?—Yes; at that time Messrs. Currie inquired, as they were sending up other bills, if they should send up and exchange the remaining eight.

837. Inquired of Mr. Mollett?—Yes.

838. Exchange at the Government office?—Yes, the exchange was on the 9th; but they were requested by Mr. Mollett to hold them; they held them till the 24th of June, and Mr. Mollett retired them, and replaced them by bills dated June, 1841.

839. What day in June?—The 16th.

840. The bills dated the 16th of June too?—Yes, by bills dated the 16th of June, 1841.

841. Can you give us the numbers?—No. 7057, 7058, 7059, 7060, 7061, 7062, 7063, and 7064, eight bills. On the 24th of October, 1841, the house of Messrs. Currie and Mr. Henry Currie applied for repayment of the loans, and were requested by Mr. Mollett to sell the Exchequer Bills, which they did. These bills were paid into the Bank for funding.

842. They were sold?—Yes.

843. Through whose agency were they sold?—By Mr. Hilton, the broker. (*The account of the sale by Mr. Hilton was shown to the Witness.*) I have reason to believe that to be correct.

844. Is Mr. Mollett an old customer of the bank?—Mr. Mollett is a most respectable merchant, and agent for the great house of Steiglitz of Petersburgh. He has two brothers in confidential situations as clerks in Messrs. Currie's house. We have had frequent dealings with him as to the employment of money; and the house of Currie and Co. are in the habit of lending him money on different securities, such as warrants and bills of exchange.

845. He acts as a sort of bill-broker?—That is not his business, but having an opportunity of lending money, we apply to him frequently.

846. He is a merchant?—Yes; he does not deal in money at all.

847. Has the house of Currie, on other occasions, lent him money?—Several.

848. On proper security?—On tallow warrants frequently; bills of exchange at times, without discounting them—merely lending on the deposit of them.

849. If Mr. Mollett had not retired those bills, 5985 and 5899, by whom would they have been presented in the regular course, by Messrs. Currie or by himself?—By himself; they were not deposited with us as Exchequer Bills generally, or to be taken care of and to have the interest received on them, and to be exchanged in due course. They were deposited merely as security for his loans, that is why we applied to him and asked him whether we should send those bills up.

850. When Exchequer Bills are deposited for the purpose of security, are the exchanges usually transacted by the person who is the depositor, or the person by whom the loan is made?—By the depositor. A banker is not liable for a bill of exchange if it becomes overdue while it is in his possession as security.

851. With respect to the practice and custom of Exchequer Bills, is it usual for the party depositing, or the party with whom they are deposited, to carry them up to the Exchequer Office when the time of exchange comes round?—I can only tell you our opinion, that it was not usual for the bankers to do so with whom they were deposited.

852. Do you mean they never do so?—That was our opinion decidedly.

853. Is there no instance in which your house has presented for exchange bills deposited with them under such circumstances?—I believe not; I cannot speak positively to the fact, but to the best of my belief not. I have had the care of these securities about four years, and they certainly did not in that time.

854. They have always been retired by the parties themselves for that purpose?—Yes, for the purpose of exchanging. I am not certain I can show you an instance of that in our house, of bills having been retired for exchange when they have been left for security.

855. You also believe that no instance has occurred in which you have taken them up for exchange?—To the best of my belief, not.

856. Since you have been acquainted with the subject, have they not been taken up at all by the other party?—Whether bills have been left when they have been subject to exchange or not I cannot tell.

857. Have you any knowledge on it?—I could not, without referring to books to tell you.

858. You are not able of your own knowledge to state what is the practice as to exchanging?—No, I am not.

859. What is the practice with respect to Exchequer Bills left in the hands of bankers, as far as this point is concerned, you are not able to state?—No, I am not.

860. You have no knowledge of what actually has been done, but that is your impression or opinion as to what was understood?—Yes.

861. Have Messrs. Currie been in the habit of advancing money to Mr. Mollett on deposit of Exchequer Bills?—I cannot speak without referring as to whether this is the first time or not. I believe that it is; I believe that his previous deposits were tallow warrants frequently, and bills of exchange sometimes.

862. Do you know whether Messrs. Currie have taken any proceedings against Mr. Mollett on account of these bills or the advances?—They have not.

863. They have not applied to him in any way to repay the money?—That I do not know.

864. You do not happen to know anything of Mr. Mollett's circumstances; if they had brought an action and had recovered a verdict, could he pay it?—I am not aware of his circumstances.

(*The Witness was desired to bring his books on a future occasion, for which he would be summoned by the Board.*)

[*The Witness withdrew.*]

Mr. *David Nenes Henriques* sworn and examined.

Mr. D.N.Henriques

865. You appear on the schedule to have taken the Exchequer Bill, or document purporting to be an Exchequer Bill, No. 8283?—Yes.

866. Tell us how you came into possession of that bill, and give us any explanation you can about it. (*The document was shown to the Witness.*)—That is my indorsement.

Examinations:

Mr. D.N.Henriques
10th May, 1842.

867. Have you the counterpart of that?—Yes. (*The Witness produced it.*)

868. Have you any statement to make?—Yes; on the 21st of April, 1841, I called on my broker, Mr. Harry Tomkins, No. 3, Bartholomew-lane, Bank, and expressed a wish to purchase an Exchequer Bill for 1000*l.*, explaining to him at the same time that my object was merely to invest temporarily until our relations with America were more settled as regards the M'Leod affair and the boundary question, after which to invest in the funds; on being informed that the premium was 15*s.*, I declined purchasing, alleging as my reason that my object being merely to command the money whenever wanted, without reference to any profit, I considered the premium too high, and one which might not be realised when I found it necessary to sell the bill. I seldom ever bought except at 2*s.* to 5*s.* Mr. Tomkins said he thought he could accomplish all I desired by loaning the amount on an Exchequer Bill for a month, with power to call it in at the expiration of that period from day to day, and would himself take it on those terms at the rate of 4 per cent. per annum. This I acceded to, and received from him the bill 8283, for which I handed him a Bank of England note of 1000*l.* At that period the Bank of England would not advance money on Exchequer Bills at a less interest than 5 per cent. per annum. This is the original contract I hold in my hand.

869. You speak of Mr. Tomkins as your broker; had you employed him long?—I had employed him up to that period for three or four years.

870. Have you employed him much relative to Exchequer Bills?—In the purchase of Exchequer Bills; I never loaned money on an Exchequer Bill before.

871. But in the purchase of Exchequer Bills?—Yes; I have brought my book to show my account kept at the Bank of England for that purpose.

872. In point of fact you did not purchase that Exchequer Bill?—No.

873. When did you learn that that was not a genuine Exchequer Bill?—The fact is, that I read in the papers several days, a paragraph in "The Times;" but it did not strike me at all till several days afterwards, and then I applied some days afterwards.

874. Can you give us the date of your application to Mr. Tomkins?—Yes.

The Witness delivered in the three following documents:—

Bank of England.

$\frac{L}{A}$ 22641. "*London, the* 21*st of April,* 1841.

To the Cashiers of the Bank of England.

Pay to self or bearer one thousand and six pounds.

£ 1006. D. N. HENRIQUES."

B. N. 1000.
Mo. 6.

"London, the 21st of April, 1841.

"Deposited with D. N. Henriques, Esq., No. 8283, 1 | 1000*l.* Exchequer Bill, dated the 15th of March, 1841, on loan for one month from this date, and then from day to day at 4 per cent. per annum.

3, Bartholomew-lane, Bank. HENRY TOMKINS.

Harry Tomkins in account with D. N. Henriques, Esq.

Dr.		Cr.	£	*s.*	*d.*
From 21st of April to 31st of August	1841.	By bank-note .	10	0	0
		Cash . .	4	6	4
			£14	6	4

Paid to D. N. H., 18th Sept., 1841, four months and nine days interest, at 4 per cent., on £1000 Exchequer Bill £14 6 4

3, Bartholomew-lane, Bank, 18th Sept. 1841."

875. Was this account made out in reference to this transaction?—Yes; it was the interest paid up to a certain date.

876. Who made out this account?—Mr. Tomkins.

877. What does that 18th of September, 1841, refer to?—That refers to the payment of the interest up to the date on the bill.

878. When was this account delivered?—At this date; I received interest up to this date.

879. Did you deliver this account?—No; this is made out by him; this is the account of interest made out by Mr. Tomkins.

880. Have you any other evidence of this loan that you made to Mr. Tomkins?—There is the draft on the Bank; that is the number given by the Bank. 1000*l.*·20328—1 Jan. I drew for 1000*l.* on the 21st of April, which was the day the money was loaned, on which a bank-note of that number was furnished by the Bank.

881. You drew that cheque on the Bank for payment?—I drew for 1006*l.*, 6*l.* for my personal use, and 1000*l.* bank-note that was handed to him.

882. Did you lend money to him on notes, or how?—In one note.

883. You have paid over this 1000*l.* bank-note to Mr. Tomkins?—Yes.

884. Have you any further statement?—A message was sent down respecting that parti-

cular bill; and I inquired of Mr. Tomkins whence the bill came, and how it came into his possession.

885. Did you receive the interest regularly from Mr. Tomkins?—I have never received the interest except up to that date; I could not receive any more than one payment.

886. You received a payment of interest?—I did, as that voucher will show, at the rate of 4 per cent.

887. What previous dealings had you with Mr. Tomkins in any way, in Exchequer Bills or otherwise?—My dealings with him were to purchase stock, or sell out any stock. I am not engaged in business here now.

888. Had you previous dealings of the same kind as this?—I never had an Exchequer Bill on loan in my life; this was purely accidental.

889. Had he purchased Exchequer Bills for you before?—Yes, frequently; here they are all enumerated in my book.

890. State the results?—I suppose five or six times. This is an account kept with the Bank of England; they were all lodged there; not any transaction in the way of loan.

891. Any purchase of Exchequer Bills?—Yes.

892. Refer back to one of these transactions; the last purchase of Exchequer Bills that he made for you before the transaction in question?—In October, 1840.

893. Give us the particulars of that?—There were several bills, amounting altogether to 1600*l.*

894. What did you state about the exchange of those?—They were genuine bills; and they were sent up to the Exchequer Bill Office by the Bank of England and exchanged for new bills.

895. At the time of this purchase, had no rumour reached you that there were Exchequer Bills improperly in circulation on the 21st of April?—None whatever.

896. That was long previous to any of the rumours of the kind?—I heard of no rumour of the kind until October.

897. Was any person present when you handed the note for 1000*l.* to Mr. Tomkins?—I handed it to him at the Bank of England counter; as I took the note I handed it to him; and that note, as I am informed, was paid into the house of Stone, Martins, and Co.

898. Do you know whether Mr. Tomkins kept his account there, at Stone, Martins, and Co.?—I do not know.

899. There is no person except yourself and Mr. Tomkins who can speak to the fact of that payment?—No, I should think not, except that it was paid at the counter.

900. There was no witness?—No.

901. Nor any party except yourself and Mr. Tomkins who were cognizant of the payment?—No; that bill I am told was received in that banking-house that day from his hands.

902. Have you stated where you kept your Exchequer Bill?—At the Bank of England.

903. What is your business or profession?—My business was that of a merchant in the island of Jamaica; I have been absent four or five years. I am not engaged in business at this moment particularly, excepting sending out a few articles to my family.

904. At the time of this transaction you were not engaged in business?—No; and, strange to say, I never lent money on Government paper, or any other paper, in my life. I had been offered the week before 5 per cent. on the first paper; but I made up my mind to have nothing but the first security.

905. Four per cent. was below the current rate of interest on Exchequer Bills at the time of this loan?—The Bank of England I was told would not advance money under 5 per cent. I made the advance at 4 per cent. Mr. Tomkins said he could not give more, nor did I press him to do it.

906. How long did the money remain on loan between you and Mr. Tomkins?—It was on the 21st of April, and I applied to him for the money in October.

907. What day in October, about what time?—I think it must have been about the 22nd. Things remained as they were when I loaned the money; therefore I felt no inclination to take it up.

908. Is the money still due to you?—Certainly.

909. And you claim as owner of this bill?—Certainly. I applied to him for payment of it in the first instance, and he said it was not in his power, for he never could have contemplated such a necessity, holding a Government bill of that description. I then referred the matter to my solicitors, Messrs. Le Blanc and Cook, stating the particulars, mentioning at the same time that he conscientiously at the time thought the bill was right and proper; and they considered it harsh to proceed under those circumstances, unless I thought he was able to meet it, which I do not think he is.

910. Have you made any inquiry about his circumstances, which have led you to consider he is not able to pay?—Yes; and I further consulted my solicitors before I determined.

[*The Witness withdrew.*]

Adjourned till to-morrow at half-past 11 *o'clock.*

Examinations.

WEDNESDAY, 11th May, 1842.

The EARL of DEVON in the Chair.

Mr. *Robert Morris* sworn and examined.

Mr. Robert Morris. 11th May, 1842.

911. Are you the clerk of Messrs. Robarts and Co.?—I am.

912. Does it appear from your books that a cheque was drawn upon you by Charles John Browne, dated the 10th May, 1841, the amount of which is debited against him in your books?—Yes.

913. What appears to be the amount?—5041*l.* 5*s.*

914. Have you any other memorandum of the transaction on your books?—There is a memorandum of its coming in upon us from Jones Loyd and Co., on the 10th of May. It was paid on the same day.

915. Does anything further appear upon your books relative to that transaction of the draft of the 10th of May?—Nothing further.

916. Do you enter any particulars?—We enter merely the number of the cheque in the ledger.

917. What is the number?—I really cannot say; but it is the only cheque that appeared upon that day.

918. Are you able to state, from your own knowledge, that that is the cheque (*a cheque being shown to the Witness*)?—Yes; I can tell by the cancel, by its being crossed "Jones and Co.," and from no other cheque of that amount having come from Jones Loyd and Co., on that day.

919. Have you an entry with respect to the payment of a sum of 14,196*l.* 3*s.* 8*d.*?—Yes; on the 21st of May we received a draft for that amount on Smith, Payne, and Co., from Messrs. Brown and Co.

920. Is the Charles John Brown, by whom the cheque is signed, a member of the house of Brown and Co.?—Yes.

921. The house has an account with you?—Yes, it has.

922. Has he a separate account with you as Charles John Brown?—He has.

923. Do you keep the book in which those entries are made yourself?—I do.

The Witness was directed to attend to-morrow morning with the book.

[*The Witness withdrew.*]

James Martin, Esq., sworn and examined.

James Martin, Esq.

924. Are you a partner in the house of Stone, Martins, and Co.?—Yes.

925. Will you look at that Exchequer Bill, No. 7102, produced to you, that is entered against your name in the schedule to the Act of Parliament: is there any endorsement on that bill with which you are acquainted?—Yes.

926. Is that the endorsement of your house?—Yes.

927. Do you know the hand-writing?—Yes, it is my own hand-writing.

928. Have you got the counterpart receipt for that bill?—No, I do not know that we have.

929. Have you not the receipt of which that was the counterpart?—I am not quite sure about that; I think we had; but I do not think we have it now.

930. Do you know what has become of it?—No, I do not; it is possible we may have given it up to the party to whom the bill belongs.

931. Can you ascertain that, if it should become material?—Certainly.

932. Do you claim to be the owner of that bill?—No.

933. Will you have the goodness to state to the Commissioners the circumstances attending your connexion with it?—As far as I remember them at the present moment, the party to whom it belonged lodged it in our hands to get it exchanged; it is entered in our book as belonging to that party; it was taken up with the other bills which were sent up to the Exchequer, and was detained.

934. Who was that party?—Mr. Thomas Boys.

935. What is he?—He is a clerk in the house of Baring, Brothers.

936. Was it deposited by him on his own account?—Yes.

937. Is there any memorandum or document which attended the deposit?—No; we are not in the habit of giving memorandums for Exchequer Bills.

938. Is there any entry in your books of the transaction?—When we send a number of Exchequer Bills we enter them in our book; we give no memorandum to the parties who leave them for safe custody, and some deposit them in our hands merely for exchange.

939. Can you give the date, to the best of your recollection, when this Exchequer Bill was deposited with you by Mr. Boys?—No, I cannot.

940. About what time was it?—If I were to give an opinion it would be that it was a few days before we sent them up to the Exchequer.

Examinations.

James Martin, Esq.
11th May, 1842.

941. On what day did you send them up to the Exchequer?—I am sorry to say the date is not entered.

942. Do you remember the period, by any circumstances, how long it was after the Government notice on the subject?—We went up twice: they were detained two or three days, I think.

943. Was it shortly after the Government notice?—I think it was a day or two after.

944. How long before that would this have been deposited with you by Mr. Boys?—On recollection I cannot remember whether it was deposited with us for safe custody, or merely for the purpose of being exchanged.

945. Has he an account with you?—Yes, I believe he has, but it is a very small account.

946. Is it usual for parties so connected with you to lodge Exchequer Bills, either for safe custody or for the purpose of being exchanged?—Yes: for some parties we keep their Exchequer Bills constantly in our hands; others keep them in their own boxes.

947. Some deposit them with you for the purpose of safe custody, and others for the purpose of their being exchanged?—Yes.

948. Can you state whether Mr. Boys was in the habit of leaving Exchequer Bills with you, or was that the only transaction of the kind?—I think that was the only transaction of the kind.

949. Perhaps your house have returned the counterpart receipt to Mr. Boys?—I think it is probable that we have. I do not see his name in the account before.

950. Do you produce a book from your house?—Yes.

951. Does that book contain an entry relative to this transaction?—It contains an entry of the bill sent up on that occasion.

952. Will you have the goodness to read the entry?—"Thomas Boys, 7102, 1000*l.* bill, 16th June."

953. Is there anything else in your books referring to that transaction?—Nothing at all.

954. Is there any further information you can give respecting this bill?—I have heard from Mr. Boys the manner in which he got the bill, and I have also heard it from other parties.

955. What have you heard from Mr. Boys?—That he got it from Mr. Tomkins, to whom he advanced, I believe, 1000*l.*

956. Who is Mr. Tomkins?—Mr. Tomkins is the clerk of a stock-broker; he is the party against whom the action was brought by the Bank. I believe he is a member of the Stock Exchange, but he is the clerk of a stock-broker who is a customer of ours.

957. What is the name of the stock-broker?—Mr. Forbes.

958. Did you learn from him any other particular with respect to the transaction?—No, I do not recollect anything particular that I learned from him.

959. Can you inform us, when an Exchequer Bill is deposited with a banker, as a security for a loan, whether it is usual for the bill to be carried up to the Government office to be exchanged by the banker with whom it is deposited, or by the party who deposits it?—That is according to the arrangement: if we gave it out of our hands they would deposit another bill, or we should exchange it; we should not continue the advance of 1000*l.* if they took the bill out of our hands.

960. While the bill remained in your hands as a security, you would carry it up to the Government office to be exchanged?—Yes; I think we should apply to the party to know whether they would take the bill out of our hands and deposit another, or whether we should take it up to be exchanged.

961. On what principle should you apply to them?—We should think it proper to apply to them, whether they would like us to have the bill taken up or would exchange it; perhaps they would wish to retain the bill and give us another.

962. Does any reason occur to you why they would wish to exchange a bill themselves rather than to have it taken to the Government office by you?—No, no reason occurs to me.

963. Supposing the time to have arrived for the exchange, does any reason occur to you why a party under such circumstances should prefer delivering another bill to you in substitution for the former, rather than that you should take up the bill for exchange?—No, there is no reason, if it was determined to send in the bill; but there might be reasons why he might not be disposed to have the bill sent in if he chose to speculate retaining the bill.

964. If in the present case Mr. Boys left it for the purpose of general deposit, would it be in the ordinary course that you should have sent to him to know whether you should take it in to be exchanged?—No; not when they are deposited on loan. When bills are left with us for deposit on loan we always take them up to be exchanged. If we have any bills deposited with us merely for safe custody we send to our customers to inform them that a notice has come out, and we desire to know whether we shall get them exchanged.

[*The Witness withdrew.*]

Edward Henry Nevinson, Esq., sworn and examined.

Edward H. Nevinson, Esq.

965. You are one of the Paymasters of Exchequer Bills?—I am.

966. Can you inform the Commissioners why the thirty-three bills mentioned in the first set of the schedule are entered under the head of Paymasters of Exchequer Bills?—They are bills which came in two parcels from the Bank of England. The first of 8,000*l.* were brought to us on Monday the 25th of October, having been paid by the Bank on the preceding Saturday, and they immediately gave the scrip receipts to the bearer. The Paymasters have

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nothing to do with the payment of the principal: they were sent to be cancelled and to pay the interest.

967. Having been received at the Bank, and scrip given for them, they were brought to your office to be cancelled in the usual course?—Yes; on the Monday. The other parcel, namely, 25,000*l.*, were brought to us on Wednesday the 27th, having been paid by the Bank on the Tuesday, the preceding day.

968. Did you receive with them the certificates of the funding?—We did, according to the Act of Parliament; but the interest on those bills we did not pay. We had paid the interest on the 8000*l.* early on the Tuesday morning: that was previous to the discovery of Smith's fraud. I was not aware of what had taken place in the adjoining office, it having been kept secret.

969. Can you give the numbers of the eight bills on which the interest was paid?—I do not think I have any thing to distinguish the eight from the twenty-five; but I can furnish it by reference at the office. Part of the eight, if not the whole, belonged to Lewis Levy, which we paid the interest on.

970. Can you tell at what period you first received intelligence that there were forged bills in existence?—I can hardly state that, for it was not acknowledged at first that they were forged bills. Lord Monteagle at first called them faulty bills, bills not corresponding with the counterfoils; but it was not till the latter part of Wednesday that they were termed forged bills.

971. Till you were put upon your guard those bills were considered as genuine?—We had no information of their being forged: they appeared to be genuine; the water-mark, the stamp, and the signature appeared to be correct. Mr. Perceval, at my elbow, took up a part of those bills, they being part of the 25,000*l.*, knowing they did not agree with the counterfoils, and looking at the signatures, said to me and to Mr. Waterfield, the chief clerk, "Well, after all, I cannot but think these are my signatures," the imitation was so good. That was on the Wednesday afternoon; but I conceive we could not refuse to take in the bills and cancel them, having been taken by the Bank in the funding.

972. Had you given certificates to the Bank for the whole of the 33, without suspecting the forgery?—Yes; at the time the officer brought them from the Bank on the Wednesday we could not examine them in his presence, because the counterfoils were at Lord Monteagle's office.

973. When the bills were brought in to be cancelled did you make such an examination?—I had looked at them, and told him we should not pay the interest till they were examined with the counterfoils.

974. Before you heard of anything being wrong you had given certificates for those 33 instruments?—We granted the certificates when he brought them; but at that time we were in a state of great uncertainty what the nature of the misconduct of Smith was; whether it was by forgery or by the use of duplicate numbers. If he had used duplicate numbers the bills might have been genuine.

975. On the 25th of October, when any bills were brought, you had heard of nothing being wrong?—No; we had not on the 25th.

976. Had you heard anything of it on the 26th?—Yes; I found on the 26th that Smith had been the previous evening committed to custody.

977. You had heard of it on the 27th, before you granted the certificates?—Yes; we knew there was something wrong, but nothing to fix. It was doubtful at that time whether he had not obtained duplicate numbers, and in that case I should say that the bills were good if the signatures were correct.

978. Have the goodness to look at those bills now produced to you, and state whether they are the bills which were cancelled by you:—Nos. 8275, 8276, 8277, 8417, 8418, 8419, 8420, 8421, 8422, 8423, 8424, 8425, 8426, 8427, and 8428, under the Act of 3rd and 4th Victoria: 7058, 7059, 7060, 7061, 7062, 7072, 7074, 7075, 7083, 7084, 7085, 7087, 7088, 7089, 7090, 7091, 7092, and 7093, under the Act of 4th Victoria?—I have no hesitation in saying that those were the bills cancelled by me.

979. Eight thousand of those were cancelled by you on Monday the 25th of October, without your at that time having heard that there was anything wrong, and therefore having taken no more notice of the bills than you ordinarily do under such circumstances?—Just so.

980. The remaining 25,000*l.* were also cancelled by you on Wednesday the 27th, you at that time having heard there was something wrong, but not knowing that a forgery had been committed?—Exactly.

981. And having, therefore, paid no more attention to the bills than you would if you had heard that nothing had been done?—Yes; for I told the Bank officer that the interest would not be paid until the bills had been counterfoiled, the counterfoils being at that time in the Comptroller-General's office.

982. When you cancelled the bills you had not access to the counterfoils?—No; they were in the office of the Comptroller-General.

983. Can you give the name of the party to whom you paid the interest on the 8,000*l.*?—I am pretty sure it was Lewis Levy. We paid on the Tuesday morning early 156*l.*, and I have no recollection that any other party that morning received anything. Our books will show to whom it was paid.

984. The Tuesday was the first day on which the party could receive the interest?—Yes; he came at the earliest moment he could. When he attended to receive that interest he stated that he had two other bills of 1000*l.* each; that upon examination they did not correspond

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with the counterfoils, and which he stated his intention to carry to the Bank to be funded. We kept him in conversation for a short time, and sent a clerk to Mr. Marshall to put him on his guard lest the bills should be received by Mr. Marshall. He immediately went to his broker, or some person connected with money matters, speaking about those bills, when a friend of his came in and desired him not to be uneasy, for they must pay the bills, and offered to take the bills, at ten per cent. discount, I believe was the amount. Levy accepted the offer, got the money, and the bills turned out to be bad. Those circumstances are not in my own knowledge, but Mr. Latham can state the particulars.

985. Were you in the habit, when the bills were sent up from the Bank, of examining them with the counterfoils?—No, it was never the practice when the bills were exchanged to examine them with the counterfoils. It does not appear that the Act of 48 Geo. III. requires that it is said that we shall have the use of the counterfoils for the purpose of preventing our being imposed on; but our interpretation was, that it was not required unless there was something suspicious, such as a part being torn off by transmission in the country, and then we should compare it, but it has never been considered by us that we were to counterfoil every bill, and that the Treasury must have known, from the short time we had to make the payment in. There is nothing said in our instructions about their being counterfoiled; it is merely said that we are to pay and cancel them.

986. Your practice has been lately altered?—Yes, and in consequence of that being done we are now obliged to take a longer time.

987. Are you aware that the last four bills mentioned at the bottom of the first page in the schedule, Nos. 7066, 7099, 7100, and 7101, were also funded by the parties?—It appears that the Bank funded them and sent them to us; but having found, by comparison with the counterfoils, that they did not agree, we sent one of our clerks with the Bank officer into Lord Monteagle's office, and there they were detained; that is the reason they appear in the Bank list instead of being with us.

988. Those four were delivered to you on a later day than the other bills?—Yes, I suppose they would come to us later. Finding that Mr. Marshall was going on taking in bills, my colleague went over to the Chancellor of the Exchequer, and suggested the propriety of stopping his hand, which was accordingly done; but that notice which Mr. Latham carried on the afternoon of Wednesday did not reach Mr. Marshall till he had received the four bills of which I am speaking.

989. Those bills would not be brought to you probably till the following day?—Most probably not till the Thursday.

990. Do you produce receipts for the thirty-three bills in question which you received from Lord Monteagle?—Yes.

(*The same were produced and inspected by the Commissioners.*)

[*The Witness withdrew.*]

Mr. *George Fournier* sworn and examined.

Mr. G. Fournier.

991. What are you?—I am clerk to Messrs. Hichens and Harrison, No. 18, Threadneedle-street.

992. Your name is set against a bill, No. 7071, in the schedule to the Act of Parliament; will you look at that bill (*the same being shown to the Witness*)?—That is my endorsement on the back of the bill.

993. Do you produce any counterpart receipt?—I have not the counterpart; it is with Messrs. Hichens, in whom the property in that bill is vested.

994. You do not claim to be the owner of that bill?—I have no right to have any interest in the bill.

995. Was it taken up by you to the Government office to be examined?—Yes.

996. It was upon that occasion you got the receipt?—Yes.

997. Did you take it up by direction of Messrs. Hichens and Harrison?—It was delivered to me by them, and taken up by me for them.

998. On what day?—On the 16th of November; it was part of 3700*l.*

999. Part of 3700*l.* in Exchequer Bills?—Yes.

1000. Did you take up any part of that 3700*l.*, except those particular bills?—I took up the whole of that amount. This was the only bill of that amount which was detained.

1001. Have you anything further to state to the Commissioners with respect to that bill?—Not with regard to that individual bill.

1002. You know nothing more of it?—I know so much of it that it was part of our bills deposited by Messrs. Morgan, Mr. E. L. Morgan. I know that Messrs. Hichens got that bill from Messrs. Morgan.

1003. How do you know that, were you present?—I was not present at the actual delivery of the bill, but it corresponds with the number in their books.

1004. Did you keep the books in which that transaction appears?—No, I am not the bookkeeper; another gentleman in the office keeps the books.

1005. What is his name?—Mr. Robert Rusk; but the person who keeps them is the junior partner, Mr. Harrison, who takes charge of the securities.

1006. Mr. Rusk keeps the books?—Yes, as to the keeping the greater portion of the books.

1007. Do you know from Messrs. Hichens and Co. that they got that bill from Messrs.

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Morgan?—Mr. Harrison has mentioned to me that they did get that bill from Messrs. Morgan.

1008. What are their names?—Robert Hichens, William Hichens, and Frederick Harrison.

1009. Were they so in 1841?—Yes.

1010. Did Mr. Harrison tell you whether he got it in purchase or exchange, or how?—On loan.

1011. Did he tell you that he got it for other bills?—No, he did not.

1012. Did he tell you the terms and circumstances of the loan?—No, he gave no particulars about it; we had no individual loan with Messrs. Morgan for 1000*l.*: I presume, therefore, it must have come with other bills.

1013. Did you ever hear from Mr. Harrison, or any member of the firm, at what date they received it from Messrs. Morgan?—No.

1014. You handed over the receipt obtained from the Exchequer to Messrs. Hichens and Harrison?—Yes, the receipt is with them; I gave it to Mr. Harrison.

1015. Have you now stated all the particulars you know respecting that bill?—Yes.

1016. In the schedule of the Act there is another bill, No. 8403, "T. Morgan through G. Fournier?"—I left that for Mr. Margrave; that is Mr. Margrave's property. It was left on the 19th of November, according to our account. (*The bill was shown to the Witness*).

1017. Is that the bill?—It is; that is Mr. Margrave's endorsement upon it.

1018. Have you the counterpart receipt for that?—No, it is with him.

1019. You left it with Mr. Margrave's name upon it?—Yes.

1020. Do you know how it came into his possession?—It came to Mr. Margrave through Mr. Hichens, and that was the reason it was taken up by me.

1021. Had you ever heard from Messrs. Hichens from whom they had received it?—I understood from Mr. Harrison that it came from Mr. Morgan.

1022. In the way of loan, or how?—On loan.

1023. If there was money lent on loan, how came Messrs. Hichens and Harrison to part with it?—They borrowed money on it of Mr. Margrave, and deposited that as security with Mr. Margrave for money borrowed.

1024. Mr. Margrave lent money to Messrs. Hichens and Harrison on the security of that Exchequer Bill?—Yes.

1025. They having received it on loan from Messrs. Morgan, deposited it by way of security with Mr. Margrave?—Yes.

1026. Do you know what rate of interest they were to pay Mr. Margrave?—No.

1027. Do you know whether Messrs. Hichens and Harrison have since paid the amount to Mr. Margrave?—I believe not.

1028. Mr. Margrave you consider to be the person now interested in that bill?—Yes.

1029. Have you any further information to give with reference to that bill?—No, I do not know anything further.

1030. Do you know whether Messrs. Hichens and Harrison are in the habit of lending money to Mr. Margrave?—They were previous to the frauds; they had repeated loans with him; they had on former occasions.

1031. What is Mr. Margrave?—I hardly know; I think he is connected with saw-mills; I think the firm is Esdaile and Co., the City Saw-mills, Regent's Canal, City Road. I think he is the principal manager of those saw-mills; he may be a partner. We have always written to him to that address.

1032. Are Messrs. Hichens and Harrison in the habit of lending money and borrowing money on the deposit of securities?—To a very great extent.

[*The Witness withdrew.*]

Mr. *Benjamin Cole* further examined.

Mr. Benjamin Cole.

1033. You referred on a former occasion to your books, but did not produce them. Can you now produce them?—I can.

1034. Have you the book, to which your former statement referred, which contains the entry as to the purchase of the bill in question?—Yes.

1035. Will you refer to that and show the entry?

(*The Witness produced the book, which was inspected by the Commissioners.*)

1036. It appears by this entry that the Exchequer Bill was bought by Messrs. Smith, Payne, and Smith, for J. Davies?—Yes.

1037. You paid for this bill by cheque on Smith, Payne, and Smith for 14,196*l.*?—Yes; this is the entry in the pass-book, and this is the cheque (*producing it*).

1038. You stated on a former occasion that you had had occasion to pay the sum of eleven thousand odd hundred pounds of which that formed a part?—This statement will show how that balance arises.

1039. What is the sum of eleven thousand odd hundred pounds to which you referred?—That is the balance of Mr. Brown's account on the 21st of May.

1040. The 11,000*l.* was comprised in the 14,196*l.*?—Yes.

Mr. *John Lawless* sworn and examined.

1041. You are a clerk in Smith, Payne, and Smith's house?—Yes.

1042. Have you your books here?—No; I have referred to their books.

1043. You have made an extract from them?—I have.

1044. Do you find that there was a draft on the 21st of May, 1841, by Mr. Cole in favour of Brown to the amount of 14,196*l.* 3*s.* 8*d.*?—Yes, paid through the clearing debited to Mr. Cole's account; that is our pass-book which Mr. Cole has just produced. This is the cheque (*producing it*).

The same was read as follows:—

"1, *Lombard-street, London, 21st May,* 1841.

"*Messrs. Smith, Payne, and Smiths,*

"*Pay Mr. Brown, or bearer, fourteen thousand one hundred and ninety-six pounds, three shillings and eight pence.*

"£14,196. 3*s.* 8*d.* "COLE AND MULLENS."

1045. You are able to state from seeing the pass-book and that cheque that this transaction took place?—Yes, and I have referred to all our books.

The Witness was requested to produce on a future day the book of Messrs. Smith, Payne, and Smith, in which the first entry of this transaction appears.

[*The Witness withdrew.*]

Mr. *Henry Maynard* sworn and examined.

1046. Have you the counterpart receipt for an Exchequer Bill?—I have (*producing the same*).

1047. Is that your endorsement on that bill, No. 7073?—It is.

1048. Will you state how that bill came into your possession?—I am a merchant, and have no transactions on the Stock Exchange, nor ever had in my life. It has been my practice when I have had more money than I have wanted to use in my business, in order not to lose the interest of it, to give it to my friend Mr. J. W. Cook, whom I have known for many years, and my father had known his family before, and having the highest confidence in him, for he enjoys the highest character, I trusted it to him entirely to get me five per cent. interest upon this money, upon such security as he should think fit, trusting to him entirely; it is a transaction of confidence. I have brought the cheque on my bankers by which I gave him the 1000*l.*, and I received from him the Exchequer Bill in question.

1049. What is the date of the transaction?—September the 14th.

1050. Did you hand over the cheque to him, or to any person by his desire?—To him directly.

1051. On whom is that drawn?—On Barclay, Bevan, and Company, my bankers.

The same was read as follows:—

"*No. K.* 2212. "54, *Lombard-street, London, 14th September,* 1841.

"*Messrs. Barclay, Bevan, Tritton, and Co.,*

"*Pay to J. W. Cook, Esq., or bearer, one thousand pounds sterling.*

"£1000. "MAYNARD, BROTHERS."

Mr. *Maynard.*—I have brought my banker's book to show that the cheque was paid.

1052. Will you refer to the entry?—This is the entry, "14th September, Cook 1000*l.*"

(*The same was inspected by the Commissioners*).

1053. What rate of interest were you to receive?—Five per cent.

1054. Was Mr. Cook himself to take the money and pay you the interest, or was he to lay it out?—He was to get any securities on the Stock Exchange.

1055. Did he give you any memorandum of the transaction at the time?—No, he did not.

1056. No note passed?—No note at all.

1057. You say you handed the money to him, and he gave you the Exchequer Bill; was that done at the same time?—No: I have done the same thing before I think in two or three instances. Mr. Cook being an old friend of my family's, I have said, "I have got a little money, I should like to make interest of it," and I left it to his discretion to lend it on such securities as he pleased. In former cases he has given me the securities, deposited them with me; but on the last occasion he did not, and I did not feel the least anxiety about it, my confidence in him being so entire.

1058. He kept the securities?—Yes; he did not hand me the securities till the rumours about Exchequer Bills, and then I applied to him.

1059. About what date?—I cannot give the date, for I did not feel the slightest alarm till Mr. Bell, of the house of Bell and Steward, who had become possessed of some of these unfortunate bills, called on me. Then I went to him, and he gave me this Exchequer Bill, and said, "I am afraid it is one of those on which there is considerable doubt."

1060. Did he tell you, when he handed it to you, from whom he had had the security?—No; I understood it came from Morgan's. I think so; but he did not tell me so.

1061. Do you recollect what length of time there was between your giving him the cheque,

Examinations.

Mr. H. Maynard.
11th May, 1842.

and his handing to you the security on which he said he had lent it?—I should say, without being able to be exact, six or seven weeks.

1062. At what particular period he actually lent the money you do not yourself know?—No; only I asked him the question, and he said he had lent it.

1063. He did not state the period at which he had lent it?—No; he did not give me the day.

1064. Did you ever receive any interest on the money lent?—Never.

1065. Has he often lent money on Exchequer Bills for you; on what security generally?—I think not on Exchequer Bills before.

1066. How long have you been acquainted with Mr. Cook?—Four or five-and-twenty years; ever since I was quite a boy; and my father and mother before me. Mr. Cook is a man of the highest character: he has two maiden sisters entirely dependent upon him; and we felt interested in him, and have put whatever business we had in the stocks in his way.

1067. What should you call him; he is not a broker?—He has always, as I have understood, had the entire management of Messrs. Morgan's business.

1068. As their clerk?—Yes, as their clerk; as well as doing a little business himself; uniting the two.

1069. Did you ever take any steps in any way to recover the amount?—No, I did not. Mr. Cook gave me a statement of his position: it was quite clear what it was, that he had no ability to pay it.

1070. Do you know anything of his circumstances; have you felt that you could recover the money if you brought an action, that he was capable of paying?—No; I am quite convinced that he could not.

1071. Was the statement you have referred to as made by Mr. Cook in writing or verbally?—He showed me a memorandum of the state of his affairs, a statement of the claims upon him, including mine, and the very small means he had of meeting them, but no other.

1072. When he gave you the bill he communicated to you that he had lent your money upon that bill?—Yes.

1073. Was that statement so made in writing or verbally?—Verbally.

1074. Has he at any time given you any written statement of the particular transaction of the advance of your money?—No, he has not.

1075. What verbal statement did he give youat any time as to the terms of this loan?—That my money had been lent upon that security.

1076. Did he say to whom?—No, he did not.

1077. Was this shortly after you applied to him to lay out the money?—I did not apply to him until Mr. Bell called upon me. I had never asked for a statement till that time.

1078. And you have never learnt from him the terms?—No.

1079. Had you learned from him the number of the bill he had procured?—I had not.

1080. You never heard the number of the Exchequer Bill?—No; I did not know what security he had taken for it.

1081. Are you to be understood,that, after you had given him the 1000*l.* to lay out for you, you did not know anything more of how it had been lent until you went to him in consequence of the rumours you heard?—Just so.

1082. Had you nothing to show for your money?—Nothing.

1083. Did you give him any particular instructions as to the rate of interest?—My instructions were to lend it on any securities he considered perfectly safe at five per cent. interest.

1084. What were your instructions as to the time for which it was to be lent?—I have always had before the liberty of calling in my money at three days' notice: subject to that condition, any security he chose.

1085. Did you mention that condition at the time?—That was understood. My transactions with him had been on, I think, three occasions.

1086. Were those previous transactions loans at five per cent.?—They were.

1087. What securities were they upon?—The preceding one was on Spanish stock; but I am not sure what the others were on.

1088. Were the terms that either party might put an end to the transaction in three days?—I only made the stipulation for myself that I could have my money at three days' notice.

1089. How long, in the former cases, did your money lie out on the security?—To the best of my recollection, under two months always.

1090. When did you discover this bill not to agree with the counterfoil?—In obedience to the notice, I took it up myself to Lord Monteagle.

1091. Can you give the date?—I only went on one day; the date of the receipt will show it, the 18th of November, 1841. As Mr. Cook only communicated his belief to me, I took it up.

1092. Did he state on what his fears were founded?—I think he said, "It was part of a batch which had been found to be forgeries."

1093. Did he explain how they had been found to be forgeries?—No, he did not explain that very clearly.

1094. What particulars did you hear from him on that subject?—That they were part of a batch which he or Mr. Morgan, I cannot say which, had some reason to think were spurious bills: in fact, he was so much cast down and distressed at the time that I could hardly get any account from him. The first step I took was to avail myself of the notice to ascertain the fact.

1095. Where did you see him?—At Mr. Morgan's counting-house.

1096. Were either of the Messrs. Morgan present?—One of the Messrs. Morgan was for a few minutes.

1097. Had you any conversation with him upon the subject?—The conversation with him was mostly on Mr. Cook's position, and Mr. Cook's character, and so forth, of which Mr. Morgan spoke as highly as he could.

1098. This transaction was entirely with Mr. Cook?—I did not know Mr. Morgan; I never had exchanged a word with him in my life hardly; and had it not been for my knowledge of Mr. Cook, and my father's and mother's of his family, I should not have engaged in the transaction.

1099. Did Mr. Cook at any time state from whom he had got this bill?—He did not.

1100. Your name is endorsed upon the bill; when was that put?—I think I was requested at the Exchequer Bill Office to put my name upon it. (*The bill was shown to the Witness.*) I do not know it by any other mark than that of my own endorsement.

1101. You have said that you had no previous dealings with Mr. Cook in Exchequer Bills; had you had previous dealings with other parties on the security of Exchequer Bills?—Never; I never saw an Exchequer Bill before in my life. I am in mercantile business, and if it were not for the circumstance of my having money in my hands at times which it is an object to make interest on, I should not have done it.

1102. The date of the cheque is the 14th of September, is that the time at which you first applied to Mr. Cook to lay out your money, or was the cheque given some days after that?—I should think that I spoke to him previously, and asked him whether he could get me five per cent. on securities.

1103. Did he at that time mention Exchequer Bills?—No, it was perfectly at his own choice.

[*The Witness withdrew.*]

Adjourned till to-morrow, at 11 *o'clock.*

THURSDAY, 12th May, 1842.

The EARL of DEVON in the Chair.

Mr. *Robert Morris* further examined.

1104. Do you produce the book from Messrs. Robarts, containing an entry of the payment of 5041*l.* 5*s.*?—Yes; the entry is "May the 10th" (*producing the same*).

1105. It appears by that entry that a cheque was drawn for 5041*l.* 5*s.* by Mr. Brown—in favour of whom?—It is payable to No. 97, or bearer.

1106. By whom is the cheque signed?—The account was Charles and Thomas Brown at that time, and the cheque of course was signed "Charles and Thomas Brown."

1107. Is that now shown to you the cheque?—It is.

1108. Do you keep that book you have produced?—Yes, the entry is in my own handwriting.

[*The Witness withdrew.*]

Mr. *George Smith* sworn and examined.

1109. You are a clerk of Messrs. Barclay, Bevan, and Co.?—I am.

1110. What book do you produce?—The clearing book.

1111. Turning to that book, and speaking from your own knowledge, do you find there a check drawn by Maynard, Brothers, in favour of Cook, for 1000*l.*?—Yes, the 14th of September, 1841.

1112. Was that cheque paid?—It was paid to the debit of Maynard, Brothers.

1113. Do you know of whom the firm consists?—There are two brothers, Henry and another; I think the name of the other is William, but I am not quite certain.

1114. Is that now shown to you the cheque?—Yes, that is my cancel.

1115. It appears to be crossed "Jones Loyd and Co.;" did you take it through that firm?—I have no doubt we did.

[*The Witness withdrew.*]

John Henry Latham, Esq., sworn and examined.

1116. You are one of the Paymasters of Exchequer Bills?—I am.

1117. Do you remember the 33 bills mentioned in the schedule under the head of "The Paymasters of Exchequer Bills," being brought to your office to be cancelled?—Yes, they were cancelled by Mr. Nevinson.

1118. Are you aware of interest having been paid on some of those bills?—This is the cheque which was delivered to Levy by me (*producing the same*).

Examinations.

J. H. Latham, Esq.
12th May, 1842.

The same was read as follows:

"*Not payable at the Bank of England after* 3 *o'clock.*

"*Exchequer Bills,*
"*London, the 26th October,* 1841.

"A 10,909

"*To the Cashiers of the Bank of England. Pay to Lewis Levy, or bearer, One hundred and fifty-six pounds.*

"*On account of the Paymasters of Exchequer Bills,*

"*E. H. Nepinson.*
John Hy. Latham.

"£156. 0. 0.

1119. That has been returned from the Bank of England to you as paid?—Yes.

1120. On account of what bills was that interest paid?—It was for interest on eight bills of 1000*l.* each, the numbers beginning at 7083, 7084, and 7085, 7087, 7088, 7089, 7090, and 7091.

1121. All drafts on the Bank on this account are signed by both Paymasters?—Yes; the arrangement is, that if one of the Paymasters is absent the signature of the Accountant is substituted for the second Paymaster.

1122. Was interest paid on any other of the bills brought to be cancelled?—On no other forged bills.

1123. Was it paid on any other of the 33 contained in the schedule?—No, I am not aware that any persons obtained interest on forged bills except Levy.

1124. On what day was the payment made to him?—I think it was paid to him on Tuesday the 26th.

1125. Can you state whether any other persons applied for payment of interest on any other of the 33 bills?—I have no recollection of it. The names of the other parties interested in those 33 bills were, Cutting, Lawford, Richardson, Hensley, and Jonas Levy.

1126. If any application for the payment of interest after the 26th had been made, would it have been paid?—No.

1127. When did you stop the payment of interest on those bills?—On the Tuesday, the same day on which Levy received his payment; he was at the office early with two bills of 1000*l.* each; and he applied to know whether these bills were good or not. They were taken in to the Comptroller-General's and examined with the counterfoils, and all the answer we were then authorised to give was, "Those bills are suspicious; they do not correspond with the counterfoils." This had been done before I saw Levy. Levy is a man I have known all my life; and when he saw me he said, "Mr. Latham, I wish you would tell me what I had better do with these bills; there seems to be some mystery about them. I have been to the Chancellor of the Exchequer, and the Chancellor of the Exchequer says, 'If there is any suspicion about your bills, why do not you go and pay them in for your subscription for the Funding?'" and he said, "I think I shall do so." He said, "What do you think about it?" I said, "I cannot offer any opinion upon the subject." He said, "I think I will leave the bills with you, will you take charge of them?" I said "No." He said, "I do not know what to do with them. Well, I think I shall go to the Bank and pay them in on account of my subscription to the funding, as the Chancellor of the Exchequer desired me to do." I said, "The Chancellor of the Exchequer never gave you that advice." He said, "He did so, yesterday; that if I were doubtful about it, the best thing I could do was to pay them in for my subscription to the funding." I kept Mr. Levy in conversation while I sent Mr. Waterfield, our clerk, to the Chancellor of the Exchequer to inform him, and to request him to authorize him to go to the Bank and direct them, if they were offered, not to receive them; for up to that time the Bank had received no communication from the Comptroller or from the Chancellor of the Exchequer to receive with caution bills offered for the funding subscriptions. Later in the day I saw the Chancellor of the Exchequer on the business, and went, by his directions, to the Bank of England, crossing Mr. Cotton, the governor, who had come up to the Chancellor of the Exchequer for his directions, and we sent down to the Bank to prevent Levy getting the 2000*l.* for those bills. After having discussed what he had better do with those 2000*l.* bills, he said, "Now I am here, sir, I had better have the interest on the bills I subscribed the other day;" and we delivered to him this cheque, which was lying ready in the portfolio.

1128. What numbers were the two bills he produced to you to ascertain whether they were genuine?—The numbers of the two bills he produced at our office, and which he endeavoured to fund, are not known.

1129. You say you have known Mr. Levy all your life?—Yes; I have known him as contractor for turnpike tolls all my life, being myself a trustee. My father and brother were bankers at Dover, and he kept a cash account with them as long as I can recollect.

1130. Does the cheque you have produced appear by your pass-book to have been paid by the Bank?—It does. Here is the entry in the pass-book.

(*The entry was inspected by the Commissioners.*)

Mr. *Latham.*—He took, on the same day, other cheques for interest on other Exchequer Bills which he had omitted to call for.

1131. This was not an isolated transaction?—No; he had subscribed to the loan; he had paid in his subscription for the funding, and those cheques were for the different amounts of interest on each of those payments into the Bank. As soon as the amount was sent up to us the interest was calculated and the cheque drawn.

1132. What is the amount of the other cheques he received that day?—76*l.* 6*s.* 3*d.*, 43*l.* 7*s.* 4*d.*, and 27*l.* 0*s.* 9*d.*

1133. Have you the means of stating how long those cheques had been prepared?—Yes; on the day that we paid him the check for 156*l.*, namely, the 26th of October, there was another check paid to him for 27*l.* 0*s.* 9*d.*, bearing the same date, the 26th of October, inasmuch as on the Saturday previous he had made two payments into the Bank on account of his funding, and those two cheques were for the interest upon those two. On the 14th of October there was a draft drawn for him for 76*l.* 6*s.* 3*d.*, and on the 18th of October another draft for 43*l.* 7*s.* 4*d.* We delivered to him all those four drafts on the 26th. The bills on which those sums of interest were payable were good bills.

1134. It appears by the Bank book that he carried them all into the Bank the same day?—Yes.

1135. He might have had one of them twelve days earlier?—Yes, he might.

1136. Is it, or not, usual for persons to leave their cheques for some time?—Very frequently; for instance, on exchanges of Exchequer Bills there are many parties who never call for their Exchequer Bills till the expiration of the year; they think they are safer in our iron chest than in their own possession: then they will take them away and bring them back again the next day for exchange. That is a fact to which I think the attention of the Treasury should be directed, for it is not pleasant to have a responsibility about the property of other persons.

1137. Was it the habit of your office to compare the Exchequer Bills with the counterfoils before you exchanged them, or paid the interest upon them?—We were not in the habit of comparing them with the counterfoils; the operation is this,—when bills are brought in to the paymasters of Exchequer Bills the party takes them, in the first instance, up-stairs into the public office, where he obtains a memorandum of the amount and interest so much, and underneath stating whether he wishes for new bills in exchange for the old ones, or wishes to take the money for the principal and interest. That memorandum is brought down to us, and we sign it, and the party goes away. If it is a banker with a large parcel he never thinks of waiting while we satisfy ourselves that the represented amount of the parcel is correct. If the person brings in only two or three bills it is done immediately; then we cancel those bills by running our pen through the signature and attaching our initial, to show which paymaster has cancelled them. Then they are sent up to the clerks, who ascertain the correctness of the numbers, and go through the several examinations of the office; they are compared with the register. There is a cheque-book, and the interest is then calculated. There are several checks instituted before payment is made, which have always been found sufficient. If the Bills are for prompt payment they may be paid the following day, unless the party desires to receive the interest up to the day on which the interest ceases, and then payment is not made till that or the following day.

1138. Does the same sort of examination take place when bills are sent in by the public for a funding?—Precisely; all we have to do with the funded bills is with regard to the interest they have been paid at the Bank. Up to the 26th of October we had not the slightest suspicion that anything was wrong, and it was several days after before we knew that there was a charge of forgery.

1139. You gave receipts for the whole of those thirty-three bills?—We did; we received them from the Bank without any suspicion, and as soon as we received the bills from the Bank clerk we gave the receipt to him; and then after that, when suspicion arose, those bills which were received on the Saturday, I think, were subjected to the comparison with the counterfoils, then the 33,000*l.* were detected as being spurious. Then, after that, nothing was received, and no receipt granted for anything that was not previously found to correspond with the counterfoils.

1140. At the time of your granting receipts, or certificates, had you in any measure inspected the bills so as to be enabled to ascertain whether they were genuine or not?—No.

1141. Is it your habit, under such circumstances, to take particular notice of them at the time you give receipts at the Bank?—It was not up to that time. If we found that they corresponded in amount to that represented by the Bank we signed the certificate. We had the receipt ready prepared, knowing beforehand the amount which was coming up from the Bank, for they give us notice. Then, when they produced the bills, the paymaster ascertained that the amount was correct and gave the receipt. That applies to deficiency bills, but in the funding we do not know the amount till the clerk arrives.

1142. This was done without further inspection of the instruments, except to ascertain that the amount was correct?—Yes.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 13th May, 1842.

The EARL of DEVON in the Chair.

Mr. *William Fabian* sworn and examined.

Mr. Wm. Fabian. 13th May, 1842.

1143. What is that book you produce?—This is the book in which all the entries of receipts and payments to Messrs. Bell and Steward have passed on their account with the Bank of England; the left-hand side contains the monies they have paid into their credit, and the right-hand the amounts they have drawn out on cheques or bills.

1144. Will you look under the date of the 22nd of October last—do you find any cheque paid on that day?—I see a cheque of 3054*l.* paid.

1145. Is that now shown to you the cheque? [*a cheque being shown to the Witness.*]—It is; this is the cheque.

1146. It answers to the entry in the pass-book?—It does.

1147. Did you pay that cheque yourself?—I did.

1148. Will you state how you paid it?—I paid it in four notes, and 4*l.* in cash. The notes were three notes of 1000*l.* each, No. 57,643 to 57,645, of the 1st of January, 1841, and one note of 50*l.*, No. 90,523, of the 6th of March, 1841.

1149. Do you know to whom you paid it?—No.

1150. That would not be in your course of business?—No, it would not; it was paid over the counter. I can identify this cheque by my own initials, W. F., upon it.

1151. Mr. *Steward.* The book referred to by Mr. Fabian is our pass-book, containing our banking account and our Exchequer Bill account.

[*The Witness withdrew.*]

Mr. *Thomas Jones Margrave* sworn and examined.

Mr. T. J. Margrave.

1152. What are you?—I am a partner in the City Saw-mills—sawing by machinery.

1153. With whom are you in partnership?—With James Esdaile and Edward Esdaile.

1154. Do you claim to be the owner of the Bill No. 8403, which is mentioned in the schedule in the Act?—Yes; this is the receipt I have obtained from the comptroller's office (*producing the counterpart receipt*).

1155. The Exchequer Bill bears your endorsement?—It does.

1156. Did you give that bill to Mr. Fournier to be carried in to be examined?—I gave it to Hichens and Harrison, and that gentleman, I believe, is the clerk of that house.

1157. Do you recollect when you gave it to them?—No; but I have the correspondence which I think would fix about the date.

1158. The correspondence between yourself and Hichens and Harrison?—Yes. I see it was the 19th of November.

1159. Have you any objection to put in the correspondence you refer to?—Not at all.

The following letters were read:—

"18, Threadneedle-street, 29th October, 1841.

"Messrs. Hichens and Co. present their compliments to Mr. T. J. Margrave; they have overlooked, until now, that he holds a 1000*l.* Exchequer Bill. They have, therefore, to request that he will send the same into the Exchequer to have it proved."

"DEAR SIR, "18, Threadneedle-street, 16th November, 1841.

"IN consequence of a notice from Lord Monteagle, saying that all Exchequer Bills should be sent in for examination on or before Friday next, we shall be much obliged if you can make it convenient to call upon us to-morrow.

"We are, dear sir, yours faithfully,

"R. and W. HICHENS and HARRISON."

"DEAR SIR,

"IN reply to your note, I must decline to present your Exchequer Bill at the Government office. If you will give me another, duly certificated by another stamp, I will return you the one I now hold. As I have no interest in the matter, I cannot be expected to embroil myself in the trouble or anxiety of it.

"Yours faithfully,

"Wednesday night." "T. J. M.

1160. Will you state what you meant by having no interest in the matter?—That having received it from them I looked to them to give me another bill. I held it as security for money lent.

1161. Will you look at the bill now shown to you—is that the bill in question?—It is; that is my endorsement upon it.

1162. You ultimately gave it up to them for the purpose of being presented?—Yes. On receiving this letter from them, which they copied and signed at their office, I considered it necessary for my protection.

Examinations.
Mr. T. J. Margrave.
13th May, 1842.

The letter was read as follows :—

" London, 19th November, 1841.

" Thomas Jones Margrave, Esq.

" DEAR SIR,

" WE request that you will send up to the Exchequer for examination a bill, No. 8403, for 1000*l.*, dated 15th March, 1841, which we deposited with you as part of the security for your loan to us of 20,663*l.* 13*s.*; and in case the bill should be detained or impounded, we still hold ourselves liable to pay you the amount thereof, in the same manner as if you had delivered the said bill up to us.

" We are, dear sir, your obedient servants,
(Signed) " R. and W. HICHENS and HARRISON."

1163. Mr. *Margrave.* I have, of course, an interest in making my claim good upon the Government, because I believe they hold rather largely. If I obtain my money from Government there will be an end of all discussion with them about future payment.

1164. This letter mentions a loan of 20,663*l.* 13*s.* Was it upon a loan of that amount that this bill had been in fact deposited with you?—Yes, one of the securities of a loan to that amount.

1165. You are at liberty to state to the Commissioners any circumstances attending that loan, or your connexion with that bill.—Here is one of their own notes, which is the last, for the interest was paid occasionally. It was a loan in the usual course. The money is generally lent from account-day to account-day, as it is called on the Stock Exchange. Here is one of the last notes I received when they paid me the interest, with the exception of that 1000*l.*, and an account of the securities I transferred into their hands on receiving the money.

The paper was read as follows :—

" Thomas J. Margrave, Esq.

1841. Oct. 14. Bal.		£20,663	13 0
4 per cent. 25th Nov. 42 days . . .		95	2 2
		£20,758	15 2
Red. Three per Cent. Annuities	£1000,	870	
" "	2000,	1762	10
" "	10,000,	8750	
Bank Annuities . . .	4000,	6560	
" " . . .	1000,	1630	
		£19,572	10"

1166. Will you begin with the commencement of your transactions with Hichens and Harrison, stating such facts as you think necessary, in order to support your claim?—I have lent Hichens and Harrison money from time to time. I began prior to May, 1839. They are regular money brokers; it is their course to receive money from men that have it to lend, and to lend it to those who require it; they both borrow and lend. There have been loans from time to time.

1167. How long have you had any dealings of this description with Hichens and Harrison?—From about May, 1839.

1168. Had you previously been acquainted with them?—I was introduced to them through my broker. He first lent the money to them, and, subsequently, what dealings I had, I had with them direct.

1169. How long before May, 1839, had you been introduced to them?—I should think three or four months; not more than that certainly.

1170. What is the date of your first transaction with them?—I have not any memorandum here which will show the date of the first transaction, but I find I had a transaction with them in May, 1839.

1171. Are you prepared at present to go into the course of your transactions with them at that time?—Yes; or I would take it up at a certain period.

1172. Take it up from the earliest period you may think proper.—Then I will put in this as a reasonable period, to commence from April 15th, 1841. They then had a balance of 46,663*l.* 13*s.*, at two and a half per cent., in their hands.

1173. Do you mean a balance due to you upon loan at that amount of interest?—Yes; the rates varied according to the value of money in the market, money being at one time very plentiful in the market, and at other times very scarce.

Examinations.

Mr. T. J. Margrave. 13th May, 1842.

The account was read as follows:—

"T. J. Margrave, Esq. "London, 22nd June, 1841.

April 15.	Balance	£46,663	13,	at 2½, to 29th, 14 days	. .	£44 14 11
29.	Repaid	5,000	0			
		£41,663	13,	at 2½, to 6th May, 7 days	. .	19 19 6
				3¼, to 13th „ 7 „	. .	25 19 4
				4, to 18th „ 5 „	. .	22 16 7
				5, to 25th „ 7 „	. .	39 18 11
				4, to 8th June, 14 „	. .	63 18 3
				4¼ to 22nd „ 14 „	. .	67 18 4
						£285 5 10
June 17.	Repaid	£5,000	0,	at 4¼, 22nd June, 5 days	. .	2 18 2
		£36,663	13	Paid Smith and Co.	.	£282 7 8
„ 22.	Do.	9,000	0			
	Balance	£27,663	13.	Continued at 4 per cent. to 6th July."		

1174. This account appears to be dated 22nd June, 1841. Was that an account made out by you or by them?—By them. The broker renders the account.

1175. Made out at that date?—Yes; the postmark shows that it was of that date.

1176. Does this account contain an accurate statement of the transactions it purports to comprise?—Perfectly.

1177. Has any other account been rendered by them to you since that time?—Yes; the next account is dated October the 14th, 1841. It shows the interest, amounting to 275*l.* 16*s.* 1*d.*, and that the principal sum in the intermediate time was reduced to 20,663*l.* 13*s.*

The same was read as follows:—

"22nd June		£27,663	13 0
4, to 16th July		72	15 0
3, to 26th August . . .		93	4 4
3½, to 14th October . . .		129	19 6
		£27,959	11 10
14th September,	£7000 0 0		
3½, to 14th October	20 2 9		
		7020	2 9
		£20,939	9 1
14th October, loan		20,663	13 0
		£275	16 1"

1178. When was there another settlement?—The account I have before produced, of the 25th of November, 1841, is the next and the final one. That is not signed, but it is in their hand-writing. They closed their business on account of their situation with regard to these Exchequer Bills. I handed over to them what securities I held, and they repaid me my money less the Exchequer Bill of 1000*l.*, which I agreed to hold over for the decision of Government.

1179. How was the amount you received from them paid?—I received 19,500*l.* in Bank-notes, and a check on their bankers, Hanbury's, for 258*l.* 15*s.* 2*d.* On the 24th of November I received the following letter: "Dear Sir—We beg to remind you that your transfer will be ready to-morrow, 25th November, at two o'clock; and we shall be much obliged by your attendance as near to that hour as will be convenient to you, when we shall be prepared to pay you 19,600*l.* We have got Lord Monteagle's receipt for the detained bill, which we will hand over to you. We remain, dear sir, your obedient and obliged servants, (Signed) R. and W. Hichens and Harrison."

1180. That cheque was paid at Hanbury's?—Yes.

1181. You, at the same time, re-transferred to them the securities you held in stock?—With the exception of the disputed Exchequer Bill, which I agreed to hold, and all the parties holding from them agreed to do the same thing.

1182. A thousand pounds still remains due, then?—Yes.

1183. In respect of that 1000*l.* you make your claim on this bill?—Yes.

1184. Have you now put in all the accounts which were rendered between you since the date of April, 1841?—I have.

1185. Is the last, in point of date, in their writing?—It is.

1186. On the 15th of April, 1841, it appears that there was a balance due to you of 46,663*l.* 13*s.*; had the balance due from them to you been ever larger?—No, I think that was the largest.

1187. What securities did you hold at that time against that balance?—It is impossible for me to state that.

1188. What sort of security?—I had, I believe, chiefly funded property.

1189. Did you hold securities to the full value?—Decidedly.

1190. What portion of your securities was in Exchequer Bills at that time?—That I cannot tell.

1191. Was any portion of it in Exchequer Bills?—I am sorry to say I cannot state that; I lent that money to Hichens and Harrison, who are money-brokers; they lend that money again to their clients, making a profit in the transaction; they, therefore, hand over to me the securities their clients place in their hands for the money lent by them to their clients, and they called upon me from time to time, occasionally once a-week, occasionally once a-month, to return those securities as their clients paid them off, so that my securities were constantly fluctuating. It was no part of my business to keep a record of their transactions, only to ascertain from time to time that I held sufficient security for the money I had lent to them.

1192. Did the securities you from time to time received comprise a portion of Exchequer Bills?—I have had Exchequer Bills from them; at one time I must have had 15,000*l.* or 16,000*l.* of Exchequer Bills.

1193. Do you mean at one period?—I have had at one period Exchequer Bills to that amount.

1194. Can you state about how long since?—I cannot.

1195. Was it at the period of April, 1841, or since that date?—I should think just prior to that date.

1196. Have you held Exchequer Bills of theirs at the time of periodical exchanges at the Government Office?—Yes, on one occasion; that is one reason why my mind was led to it.

1197. Do you find any particular date?—Yes; that was prior to April. I paid them a certain amount of interest which was received from the Government; that is what leads me to it.

1198. That had been received by you?—Yes.

1199. The Exchequer Bills had been taken in by you to be exchanged?—Yes; I think that was the last quantity of Exchequer Bills I held; I handed them over when the transaction was closed; they gave me other securities in lieu of them.

1200. You got new Exchequer Bills from the Government?—Yes, and those I handed back to Hichens and Harrison, who gave me other securities, very shortly after the exchange, according to my belief, but I have no record of the transaction; they must have given me new securities, and taken those Exchequer Bills.

1201. Have you any document whatever, except the accounts you have put in relative to the transactions between you and them, showing the terms on which their loans were from time to time made?—Those accounts I have put in are the only records I have showing the terms. Here is a transaction, which I fortunately happen to have, which will show the nature of the business. Here is a letter from them, dated the 2nd of September, 1841:—"Dear Sir —We have to-day transferred to you 13,000*l.* Reduced Three per Cent. Stock, and shall feel obliged if you can conveniently call in the city to-morrow, and return us securities to a like value. Should you not be able to come, be so good as to give us a line, saying when we may expect you, which, we hope, will be this week."

1202. Your letter does not specify any particular securities?—I received 13,000*l.* stock; these are the Bank receipts for the 13,000*l.*, signed by the parties, and I gave to them, in lieu, ten City Bonds and two North Midland Loan Notes, which I had previously received from them. Here is a memorandum referring to the transaction.

The same was read as follows:—

5,000 Bank	8,500
13,000 Reduced	11,700
North Midland	8,000
	28,200

Return 10 City, 2 North Midland.

1203. Have you any other document of that description?—No, those are the only ones I happen to have; they are of no value, and, of course, are not retained after the date of the transaction.

1204. The rate of interest appears to have fluctuated at different periods; it appears to have been four and a half on the 15th of April?—Yes.

1205. What governed the rate of interest between you and Messrs. Hichens and Harrison?—Matter of bargain, on the day the principal became due.

1206. Did you make a fresh bargain every week?—Yes, for the money was lent only from week to week for the periods stated on that paper.

1207. You mean that during the whole of that period, appearing on that paper, the money was outstanding on loan from week to week?—Yes, I made my own arrangement, with the power of calling for the money on any one of those days, and they had, of course, the power of paying it off. I have a memorandum here of one transaction:—"four per cent. to 11th of July, with option of recalling 11,600 when he likes, upon three days' notice."

1208. Was the same rate of interest taken without distinction as to the particular securities?—I would never take anything but English securities; I never would accept foreign securities.

1209. Every part of what was due to you bore the same rate of interest as between you and them?—Yes, decidedly.

Examinations.

Mr. T. J. Margrave.
13th May, 1842.

1210. It was the rate of interest on the balance in their hands?—Yes.

1211. On what principle was the rate of interest settled between you in your periodical settlements?—I pretty well knew what was the value of money, and made the best bargain I could, and they did the same for themselves.

1212. What rate of interest they got in lending the money you had nothing to do with?—No, that was their profit; they live by that; many live by it.

1213. It will not appear from this account what was the average rate of interest between April 1841 and the close of the transaction?—No, that would appear from the papers, but I have never looked into it.

1214. What is the highest rate of interest at which you appear to have lent them money?—The highest, I think, was for five per cent., but that must have been for a very short period.

1215. When the notice for exchange came round, was it your habit to send to them to ask whether the Exchequer Bills should be exchanged?—No, I did not trouble myself about it; I locked them up; it was their business to give me information; I took no trouble about it.

1216. When you carried them in to be exchanged, it was by their directions?—Yes.

1217. Were they always regularly carried in at the periods of exchange?—I recollect only one case.

1218. Do you mean that you do not recollect to have had Exchequer Bills in your hands on any but one occasion on which that occurred?—Hichens and Harrison's bills, I conceive, are the result of their floating account between parties. Private individuals do not take any particular notice, except seeing that they are well secured for the amount they have advanced.

1219. Your transaction with them in Exchequer Bills was entirely on loan; you never had occasion to purchase any?—I never purchased any.

1220. Have you had any kind of dealings with other parties on Exchequer Bills?—No.

1221. You say your transactions commenced about May, 1839; was there, from that period down to the time of the final settlement you have stated, a continued succession of loans between you?—I should think there were periods at which there was no transaction going on.

1222. But, between those periods, did it generally occur that there were balances due to you from them on loan?—Yes, there were continually balances, though not perpetually.

1223. Did you ever borrow money through the means of Messrs. Hichens and Harrison?—I do not recollect to have borrowed.

1224. When you advanced money to them, in what shape was it, by notes or by check?—Generally by check, but not always; very frequently, I should think, by notes.

1225. On whom were those checks drawn?—On Messrs. Smith, Payne, and Smith, my bankers.

1226. Have you any of those checks to produce?—No, I have none.

1227. Have you your banker's book with you?—I have not.

1228. Can you produce both the banker's book and the check, if required?—Certainly.

1229. And you can produce the clerk of Messrs. Smith, Payne, and Smith, to prove the transaction, if required?—I presume so.

1230. Were you in the habit of lending money to any other parties but these?—No; I have lent to the London Joint Stock Bank once.

1231. Was that prior to 1839?—I cannot answer to the date; I think I have had no transactions with other parties since I commenced with them.

1232. When did you receive from them the particular bill upon which this question arises?—That, I am sorry to say, I cannot reply to. I must leave the Commissioners to draw their own deductions from the paper I have produced, which shows how I stood on the 2nd of September, when I had no Exchequer Bills, and their letter to me, requesting me to present it. It must have been between those dates that I had it, but I do not recollect the date at which I did receive it, but their books will show it. I went to Hichens and Harrison yesterday, to inquire the date, and they stated that it was the 14th of September, 1841.

1233. Do you know how many Exchequer Bills you had at the same time in your possession when you had the forged one?—None; that was the only Exchequer Bill I had at the time.

1234. When did you first become apprised that the bill in question was not genuine?—The note I received from Hichens and Harrison, of the 29th of October, was the first intimation I had.

1235. Before the receipt of their letter of the 29th of October, you had no reason whatever to suspect the genuineness of the Exchequer Bill?—No, I did not know it.

1236. Till the bill was actually sent in, and compared with the counterfoil, you had no reason to believe that the bill was not genuine?—No, I should have argued the contrary.

1237. Had you ever looked at it with any attention, such as would enable you to judge of its genuineness?—I do not know any one but a government officer who could tell what was genuine.

1238. When you received Exchequer Bills by way of security, did you pay attention to the instrument, such as would enable you to suspect a forgery if one existed?—No; my practice was merely to count the Exchequer Bills; if there was an absence of a stamp, that would call my attention to it; but I have never been in the habit of referring to anything else.

1239. You say you were introduced to Messrs. Hichens and Harrison by your broker; who is your broker?—De Horne of the Stock Exchange.

1240. Have you anything to do with the Stock Exchange?—Nothing whatever.

1241. Was that balance of 46,663*l.* 13*s.* due to you the 15th of April, your own property?—Certainly not.

1242. What proportion of it was your own property?—None of it.

1243. Will you explain whose money it was?—I acted as agent for another party of the name of Tunno.

1244. What is Mr. Tunno?—A man of large independent property, in no business.

1245. Where does he live?—In Upper Brook Street, Grosvenor Square. My father was his agent, and on his death I succeeded him.

1246. Have you acted as agent for Mr. Tunno?—I have.

1247. Will you describe the nature of your agency and employment?—The nature of the agency is to receive his monies, and to pay them, to pay anything that I know he owes, or that he may direct me to pay. I am an agent in the ordinary acceptation of the word; doing the duties of an agent.

1248. What description of duties does it fall to you to perform for Mr. Tunno?—I should receive the rents of his estates, I should receive monies due to him from any individuals, and, to the best of my judgment and ability, I should employ those moneys, if he did not want them for any purpose, for his benefit, as I have done here. There was an expectation of his wanting money, and that was one reason why these loans were in abeyance,—that the money was in Hichens and Harrison's hands, because he had no immediate use for it.

1249. Did he give you an unlimited power to invest his money to any extent?—Yes, for years I have had an unlimited power, from his knowledge of me.

1250. Did you receive his dividends at the Bank?—Yes, by power.

1251. And you invested his money, from time to time, in such manner as you thought for his benefit?—Yes.

1252. What instructions had you as to the manner in which that money should be invested?—None at all.

1253. Did you give him an account, from time to time, of the investments made?—Not from time to time; but I presented him an account yearly.

1254. Had Mr. Tunno any banker?—Yes, two; Smith, Payne, and Smith, and Coutts's.

1255. Have you the power of drawing on his banker?—At Smith, Payne, and Smith's, no one draws on his account but myself.

1256. Is it an account in his name?—Yes. I prefer its being in his name, being in business myself.

1257. The cheques you drew on Smith, Payne, and Smith for your advances to Hichens and Harrison were, in fact, checks drawn on the account of Mr. Tunno with that house?—Yes.

1258. When you paid the bank notes, which you say was your more common course, where did you get those bank notes?—They must have been from parties who paid me certain sums of money, and which I immediately took to them.

1259. Were those notes and those cheques the only form in which you made the advances?—Certainly.

1260. Do you happen to know what kind of profit Hichens and Harrison made?—No; but I should say, of course, small, on account of the immense property which went through their hands. I do not know any other brokers to that extent in that way. I think there was no one that could be compared to them on the Stock Exchange. I had transactions with them on account of their high standing.

1261. Do they discount bills of exchange?—I never heard that they did. I should think not; that it is not part of their business; but I speak without any means of being informed on this subject.

1262. What sort of securities have they usually made their advances on, according to your knowledge, as derived from your transactions?—There are some documents which show that. I see the name of Mr. Ord to one of them (English stock), and there are other names with which I am not familiar.

1263. You cannot state further than that on what securities they advanced their money?—No, but I know I have had Exchequer Bills; I have had stock, I have had City bonds,—which are considered very good securities;—North Midland Railway notes, payable at a certain day, which are also considered good securities. Those are all I can recollect at this moment.

1264. When you have advanced to Hichens and Harrison, did you get securities from time to time?—At the very same moment always. I did not trust them personally for any period of time.

1265. You were understood to say that they handed over to you the securities on which they lent the money?—Yes; for example, supposing I lent 10,000*l.* to Hichens and Harrison on a certain day, they would hand over to me certain securities for that amount, transferred into my name at the Bank of England. I go there, pay them the money, and accept the stock so transferred into my name. Perhaps a week after that the party who had borrowed the money from them will pay it off; but they lend it to another party, and call upon me to go and retransfer the borrowed stock I had accepted; they give me another stock from another party, and so it would go on through several hands.

1266. Was it worth your while on the 15th of April to lend them so much as 46,000*l.* at so low a rate as two and a half per cent.?—Yes. I could not obtain more without buying securities. I did not want to invest, but to keep the money floating, without being obliged to invest it, so as to lock it up. Fluctuations might take place, and I might lose upon it, whereas the other way, though the interest was small, yet the capital remained untouched.

1267. So that in investing money for Mr. Tunno, it was your great object to keep the money floating?—If it is thought right that I should answer these questions, I am prepared to do so, but they relate to his private affairs. I have no hesitation in saying that his object was to lay it out in land.

1268. How long had money been at the low rate of interest which appears upon your first

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account?—It was at that rate only from the 15th of April to the 16th of May; previous to that it was at three and a quarter.

1269. That money would be kept floating at that rate of interest, in pursuance of instructions received from your principal?—Yes.

1270. Mr. Tunno, by your account, appears to be a gentleman of large property?—Yes.

1271. You have taken no steps of a legal kind to recover your 1000*l.* from Hichens and Harrison?—No; because I found that all parties in the same situation as myself had agreed to wait the issue of this inquiry: therefore, I was not prepared to place myself in the invidious position of annoying them under such circumstances, conscientiously believing that they were suffering from circumstances over which they had had no control.

1272. You were not in the habit of keeping an account of the particulars of securities you received from time to time from Hichens and Harrison?—No, my only care was to see that I did not part with one security without getting another, so that I was secured.

1273. What is the date of your last advance to them?—I appear to have advanced to them 12,000*l.* on the 5th of September, 1839.

1274. It appears to be the result of your statement on this subject that the 1000*l.* in question is the property of Mr. Tunno?—Yes, the 1000*l.* that bill represents; but of course, in carrying on these transactions, it is no part of my business to say whom I represent. It is sufficient, as between me and the lender, that I lend it.

[*The Witness withdrew.*]

Mr. *John Lawless* further examined.

Mr. John Lawless.

1275. What do you produce?—The clearing-book and the cash-book of Messrs. Smith, Payne and Smith.

1276. Does it appear by those entries that a cheque of Messrs. Cole and Mullens was paid?—Yes; this is the clearing-book; there was a cheque for 14,196*l.* 3*s.* 8*d.* drawn by Cole and Mullens, payable to Brown, paid at the clearing-house on the 21st of May, 1841, and that is entered in the cash-book.

(*The same were inspected by the Commissioners.*)

[*The Witness withdrew.*]

Mr. *Edward Sherman* sworn and examined.

Mr. E. Sherman.

1277. Are you the gentleman described as "C. Sherman," in the schedule to the Act of Parliament?—Yes; I generally sign as "E. Sherman," I suppose it was taken for a "C."

1278. Did you receive a counterpart of the receipt now shown to you for certain Exchequer Bills?—Yes. (*Producing the same.*)

1279. Is that your writing to the indorsement on those Exchequer Bills? (*The same being shown to Witness.*)—Yes; those are my handwriting.

It appeared from an inspection of the counterpart receipt produced, that the initial in which it was given was "C. Sherman," but that the bills were endorsed "E. Sherman."

1280. Will you apply yourself first to the 15 Exchequer Bills, Nos. 6474 to 6488, and have the goodness to explain the circumstances under which you came into possession of those bills?—On the 15th of October, 1841, having transferred some consols a few days before, having a large sum at my banker's, I gave notice to some of the people at the Stock Exchange with whom I am in the habit of doing business, that I had money to lend; and Mr. Morgan, a gentlemen in the Stock Exchange, to whom I had lent money for short periods, applied to me to know whether I had any to spare. I said, "I could lend him 10,000*l.*;" he said, "he would bring me securities," and he brought me 10,000*l.* Exchequers. I was very glad to see that sort of security, and drew him a cheque for 10,000*l.* for 10 bills. When he had done that, I looked the bills over, put them away, and said, "I could spare a little more, if he knew any one." It was close to the Stock Exchange. He came back in about twenty minutes, and said, "he could take 5000*l.* more," and I wrote him a cheque for it; it was to be till the beginning of the week, some day in the course of the next week that he would return it. I let him have the 15,000*l.* on the bills, and took the bills to Robarts's immediately, and locked them up in my box, and considered that I had the best security in the world. I was pleased with having securities that I conceived there could be no doubt about. I had had dealings in Exchequer Bills for forty years.

1281. At what rate of interest were you to lend the money?—I said, "I should expect seven per cent.," as I was paying seven per cent. I had spoken to Mr. Waller of the Stock Exchange, saying that "I should want money;" and he said, "that I must pay seven per cent." I afterwards sold some stock; and in consequence of that had money to lend. I said to Mr. Waller, "I did not want it then;" but he said, "he had got it for me, and must charge me that;" and I told Mr. Morgan that I must have the same, and I have the memorandum which I wrote myself; this is the only memorandum which I have (*producing the same*). He wrote himself on the paper, and when he returned he put down the others. I had wanted to have a different sort of paper, but we are not very particular, and being only for a few days I did not require it. I put it down 10,000*l.* on ten Exchequer Bills of 1000*l.* I gave him the paper, and he altered it, and he put 15 instead, and he put his name. I put it down at seven per cent., and he did not object.

The memorandum was read as follows:—

"1841. 15 Oct. } Borrowed of Mr. Sherman Ten Thousand Pounds on Fifteen
"E. L. M.
"Ten Thousand Exchequer Bills.
Fifteen
"E. L. M. *at seven per cent.*, E. L. Morgan."

1282. On what security was the money taken on which you paid seven per cent.?—Spanish stock. Mr. Waller had some money, and I gave him some Spanish stock to hold on the money he lent me.

1283. On that you paid him seven per cent.?—I did.

1284. And, consequently, you say you charged seven per cent. when you came to lend?—Yes, I have a memorandum, I took it from Mr. Waller on the very same day, and the check I paid him when I returned him the money and the memorandum also; that I took from him at the time that I borrowed it from him (*producing the same*). We put it in the shape of stock bought.

The same was read as follows:

"1841, 15*th Oct.* *Say* 5100. J. W. } "*Bought of Mr. Waller* 5100*l. Spanish Active Stock*, 18¾, *at seven per cent. for the end of October.*
"J. W.
"*Five thousand one hundred.* J. W."

1285. In whose handwriting is that?—Part is in my handwriting: Mr. Waller has written part, I see. I took as small a quantity as I could, only because I had asked him for it; but when I sold my consols I did not require it.

1286. Did you happen to know at what price Exchequer Bills were selling at that time?—No.

1287. Did it not occur to you that it was a high rate of interest for a person to give on so excellent a security, which was saleable in the market?—No, I considered that it was the security he happened to have by him. I knew Mr. Morgan was a man who borrowed money on different securities. I thought it a good security, and was glad to get it, but I should have done the same if it had been Spanish stock, or any other stock. I have been in the habit of doing business at the Stock Exchange.

1288. Had you ever known Mr. Morgan borrow money at seven per cent. before?—Yes, the month before it was eight per cent.

1289. Was that on Exchequer Bills?—No, I believe I never had had Exchequer Bills of him before.

1290. At what rate had you had Spanish stock?—Sometimes at five per cent., sometimes six per cent.

1291. Mr. Waller is a great dealer in Spanish securities, is he not?—Yes; I have known him these five-and-twenty years, and have had a great deal of business with him, and I think it was he who sent Mr. Morgan or Mr. Robson, with whom I do business, and told him that I had delivered some consols, and had some money to lend. I know I have had an instance of eight per cent.

1292. That was on Spanish stock?—Yes; it was occasionally eight per cent.: I have known twelve, or even twenty per cent. given for the day, bought one day and sold for the Tuesday following, for short periods of three or four days. Here is one of eight per cent. Spanish stock (*pointing it out*). At this moment they are giving twelve or fourteen per cent. on railway shares; but it depends a good deal on a man's credit. If a man has good credit, he gets it a little cheaper; if a man is not so good in credit as others, he is obliged to give a greater rate rate of interest.

1293. How long did those 15 Exchequer Bills remain in your possession?—He was to have redeemed them in the course of the next week; but about four or five days after I got them there was a rumour about something wrong in the Exchequer; but I considered it mere talk and rumour, and would not believe it; so far so, that I almost committed myself in a transaction with Mr. Levy. He was making himself very uncomfortable, and did not like the rumours. I said, I was sure there could be nothing wrong with the Exchequer Bills, never having any difficulty in the world; and I said to him, I was so certain, that I would give 18*s.* in the pound for them; upon which he very unexpectedly said, I might have two of his, and put them down on the table. Then I began to be more alarmed than I had been before at all.

1294. Is that the history of the other two?—Yes, it is. I was so satisfied of the security, that I had no hesitation about it. I will put in the two cheques I gave to Mr. Morgan and my banker's book.

The same were read as follows:

"15, *Lombard Street*, 15*th October*, 1841.
"*Messrs. Robarts, Curtis, Robarts, Curtis, & Co., pay Mr. Morgan, or bearer, ten thousand pounds.*
"£10,000. "E. SHERMAN."

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Mr. E. Sherman.
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"15, *Lombard Street*, 15*th October*, 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis, & Co., pay Mr. Morgan, or bearer, five thousand pounds.*

"£5000. "E. SHERMAN."

Mr. *Sherman*.—I have since prevailed on Mr. Levy to cancel the bargain. I said "It is very imprudent; we ought not to do anything of the kind, the rumour gets so very strong." And I endeavoured to prevail upon him to let me bring them up in his name; but he did not wish it, and I brought them up in my own name, but he has since cancelled the bargain.

1295. Have you a certificate for those two bills?—I have; I wrote Mr. Levy's name upon those, and I have written Mr. Morgan's name on the others.

(*The Bills, Nos.* 8440 *and* 8441, *were shown to the Witness.*)

Mr. *Sherman*.—This is my endorsement on these two bills. I have put Mr. Levy's name on them also.

1296. Do you produce the counterpart receipt for those two bills?—I do.

(*The Witness produced the same.*)

1297. You took those two bills of Mr. Levy?—Yes; Mr. Levy has since told me that those were the two first bills that were discovered that there were duplicate numbers at Masterman's, and that he came up to the Chancellor of the Exchequer with them.

1298. Did he tell you he took them up to be examined?—Not till after that; he said he went up with Mr. Masterman with those identical bills to Mr. Goulburn, and that he was told to pay them into the Exchequer.

1299. When rumours got abroad, what was the first step you took with respect to the 15 Exchequer Bills?—After this transaction with Mr. Levy, I began to be a little more alarmed than I had been; I was so satisfied in my own mind, that I had not taken any step till then; they were locked up at Robarts's. As soon as I found the rumour got to be very strong, I took them over to Mr. Morgan's, and told him I should be glad if he would let me have the money for them, as there was a rumour that something was wrong about the Exchequer. He said he was very sorry that there was, but he said, "We believe there is nothing in it." He said, "We cannot give you anything more now, for we cannot borrow money on Exchequer Bills;" but that he had five which had been to the Exchequer and had been marked, and he said, "You shall have them," and he gave me five which had a mark at the corner. I went to Robarts's and fetched the 15 I had, to take up to be examined; and as I was going to my chaise, which was waiting for me in the street, I said, "You had better go up with me, as I have five of your bills;" but he did not go. I left the five he had just given me in my box at Robarts's.

1300. You took up the original 15?—Yes; the others I left, inasmuch as they were marked, as I considered them, good; I went to the Exchequer Office, and the first man I saw was a porter; he said, "I suppose you are come about Exchequer Bills?" I had them in my hand: he said, "Those are all good; they have been through my hands four times." He held them up in his hand and looked at them; he said, "You would like probably to see one of the clerks?" I said, "I should;" and he went up to a clerk, and I heard the name of Mr. Smith and Mr. Wood spoken of; and I saw a person in the room I knew, Mr. De Berckem; I looked at him, knowing him by sight, and said, "I suppose you are here on the same business as I am, Mr. De Berckem?" He smiled and nodded, and was called into Mr. Wood's office. I heard a great deal of bustle, and I believe it was the very day Mr. Smith surrendered. I waited two hours. They said, they could say nothing about them; I must call again the next day. I became very much alarmed; and the gentleman who came in and out seemed to be very much alarmed. I understood the clerk was Mr. Wood. I said, "I am waiting; I am anxious." He said, "I do not think you will be kept long." I said, "Why, consider my anxiety;" and he said, "Ah, and mine!" putting his hand on his breast, and went into Mr. Smith's office. I began to be very uneasy: he opened the door again and just looked out; the office was quiet, and the people all gone: the clerk in the office said he could say nothing, I had better call again. I went away directly to Mr. Morgan, and took the 15 bills to Mr. Morgan.

1301. Can you tell the porter's name?—No, I do not know him; it was the porter I met at the door.

1302. Have you since heard his name?—No, I do not know that I should know his person again. I went back with the bills to Mr. Morgan, and told him I had been waiting two hours. They merely looked at the bills, saying they had orders from the Treasury not to give any answer. I should have given Mr. Morgan five of those bills, in the room of the other five, if he had asked me; but he said, "No, take them again to-morrow;" and I put them into my box at Robarts's: then on the next morning I took the five with me, to be certain that they had been marked, and came up to the office here. I was there by eleven o'clock; there I waited all day. I went into Mr. Perceval's office almost immediately on getting there. I spoke to Mr. Perceval, and he said he could say nothing to me. There was a gentleman from the joint-stock bank came in with 21,000*l.*, and they said they could say nothing to him. There was another young gentleman there with eighteen or twenty thousand: they said they could say nothing to him. I stayed there for two or three hours. A note came over from the Treasury, that no answer could be given, and Mr. Perceval came in and said, "Gentlemen, we can say nothing to you to-day; the matter is under the consideration of the Lords of the

Treasury." I went back to Mr. Morgan, and told him what had occurred at the office, and I locked up the whole together. Then the rumour got so strong—indeed the notice came down almost immediately for the bills to be brought up for examination in a day or two afterwards: then I did not know what to do; one said one thing, and one another; but I determined I would bring them up. Mr. Morgan said, "You had better keep those five bills with the others." I did not give them up, but they have never been brought up to the office since; they have been kept in my box: he wished to have them given up; I said, "No, not at present; you have given me these as being good." He says, "Well, you keep them, and do not part them," and he wished me to bring them to Guildhall at the trial, but I said, "No, I should not touch them. I have brought them here to-day, if it should be your pleasure to give me any directions about them." Since that I have found that they have been marked by Mr. Maubert: he was in the office when they were brought up two days before at Mr. Smith's office, and Mr. Smith told him they were perfect, and Mr. Maubert marked them in the corner. I have shown them to Mr. Hichens since, and he says, "Yes, he remembers their being marked."

1303. Did he state the circumstances under which they were marked?—That they had been carried into two or three of the offices, and that they said, "They were perfect, and that that passed when Mr. Hichens and Mr. Maubert were there, and that Mr. Maubert took the bills; there were five of them pinned together, and Mr. Maubert marked the corners of them."

1304. You used the name of Mr. Smith: did Hichens state that Smith was present when that was done?—He said, "He was in Smith's office."

1305. It was from Mr. Hichens you got the information?—Yes, that he saw those bills marked.

1306. Both Morgan and Hichens told you that they had been marked?—Yes; but Morgan did not say by whom; I thought by the clerks of the office, but afterwards I understood it was Maubert that marked them, and I asked Hichens about them: I called at his office to know what he could do with the bills; I wanted to know what they were doing: he said, "He did not know what to do." I said, "Here are five I have had from Mr. Morgan since, and he tells me they are marked, and that it is Maubert's mark." He said, "Oh, yes, the clerk brought them in, and said they were perfect, and Maubert took and marked them, and said they were good."

1307. Who is Mr. Maubert?—He is a large capitalist: I have known him many years at the Stock Exchange.

1308. You never yourself produced those five bills at the Exchequer?—No, they could not look at them. I only showed them to Mr. Perceval in my hand: when I brought up the fifteen and the five, he said, "Oh, we cannot say anything at all about them, Mr. Sherman; our mouths are shut." He said, "Who marked them?" I said, "I do not know, sir; Mr. Morgan tells me that they were marked here." He said, "Well, take care of them; see that you have your own bills."

1309. Have you since taken any means of ascertaining whether those five bills are genuine?—No, I do not consider that they belong to me—that I have any right to make use of them, being Mr. Morgan's, if the others are perfect; but if Mr. Morgan has borrowed my money on bills that were not good, if these are good, that will lessen my loss. Mr. Morgan has written a note to me for them, but I have refused to give them up.

The same was read as follows:—

"3, Pope's Head Alley, 13th April, 1842.

"DEAR SIR,

"WE beg that you will return us the five Exchequer Bills, numbered respectively 6421, 6422, 6423, 6445, and 6493, belonging to us, as we find they are not scheduled in the Act now before the House of Lords, and which we are desirous of taking to the Treasury, in order that they may be scheduled.

"We are, dear Sir,

"Your obedient servants,

"Edward Sherman, Esq." "WM. & JAS. MORGAN."

1310. Mr. *Sherman*.—I thought it was the office mark upon them when he gave them to me, and said they were correct. He did not desire to have five of the other bills back: if he had asked me to do so that evening, I should have done so; but the next day, when the rumour got strong, I determined not to give any back again.

1311. The fifteen bills were examined at last?—I carried them up, and they were impounded.

1312. On what day was that?—The day on which the receipt was given; then I kept them all locked up. I determined immediately to bring up my bills. I said, I would take them up, notwithstanding some persons advised me against it, saying, that I had no doubt the government would do what was right.

1313. When you took up the fifteen at the time of the date of the counterpart, did you take up the Nos. 8440 and 8441?—Yes.

1314. They were detained at the same time?—Yes. I then put them in as my own, though I had not finally arranged with Mr. Levy about them; since that he has told me that those were the first two bills which were discovered to be duplicate numbers, and that he came up with Mr. Masterman to the Chancellor of the Exchequer, and that he took them to the

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Bank, and Mr. Marshall said, "Oh, they are good bills, Levy: if you fear to lose anything by them, I will take them off your hands." I then said to him that he must give an account of the bills—that I knew nothing of them till he produced them.

1315. You have not paid for them?—He got 800*l.* of me. We are in the habit of lending to one another. I have known him some years.

1316. Did you pay that 800*l.* by a draft?—Yes.

1317. Have you got that draft here?—Yes. He said, "I do not want 1000*l.*, if you will let me have 800*l.*"

The draft was read as follows:—

"*No.* ——, 15, *Lombard-street, London, 27th Oct.*, 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis, and Co.,*

"*Pay to Mr. Levy, or bearer, eight hundred pounds.*

"E. SHERMAN."

"£800."

1318. Mr. *Sherman.*—Here is my banker's book in which the cheque is entered (*producing the same*).

1319. Upon the whole you claim as owner of the 15 first bills as holding them as security?—Yes.

1320. And you also claim to be the owner of the other two bills as far as regards the 800*l.*?—Yes; but we have cancelled the transaction. He says, "He will take the risk of them and will explain the particulars about them;" and I told him I would state how the matter stood. He did not consent to this till last night, when he spoke of the bills before he produced them. I said, "Oh! do not make yourself uneasy, I have had so much to do with Exchequer Bills, I have no doubt about them; I will give you 18*s.* in the pound for them."

1321. No part of the 15,000*l.* has been repaid to you by Morgan?—No.

1322. You have taken no legal proceedings against them?—No.

1323. Which of the Morgans was your dealing with?—The young man. He signs his name "E. L. Morgan." I never saw the father. The son I had lent money to two or three times before, but I believe it has been generally on Spanish stock. I did not see the father till that day.

1324. There are William and James Morgan?—Yes; there are other sons there, but I did not see them.

1325. At the time of this transaction did you know any of the Morgans but Edward Lloyd Morgan?—No.

1326. How many transactions had you had before with Edward Lloyd Morgan?—I am not certain whether it was twice or three times that I had lent him money before.

1327. Can you give the particulars of those former transactions?—I do not recollect how long back those transactions were?

1328. Were those transactions of loan?—Yes.

1329. Of loan by you to Edward Lloyd Morgan?—Yes; all on Spanish stock. I never had an Exchequer Bill from him before.

1330. Have you any entry to produce with reference to those transactions?—I can produce them, but I believe they are not in this book.

1331. Speaking from recollection, at what rate of interest did you lend him the money on those occasions?—I think six or seven per cent., but at the current price in the house that day.

1332. For what period of time were those loans made?—They were made for a fortnight; what is called from "Foreign Account" to "Foreign Account."

1333. Were those loans made at the current rate of interest at the time on that description of stock?—The same rate of interest others were giving at the time in the house.

1334. Can you give the dates at which those transactions took place?—They were all within three or four months, I think.

1335. You never had had any previous transaction with him in Exchequer Bills?—No; I think the first transaction I had with him was not more than a twelvemonth ago.

1336. Are you in the habit of lending on Exchequer Bills?—No; I never had any from him before.

1337. Did you ever have seven per cent. from him before on any transaction?—I am not positive whether I have had from him, but I have had eight per cent. from others.

1338. In any of the previous transactions you had had with Mr. Morgan had you had as much as seven per cent?—I am not positive.

1339. Have you ever in any former, or any other case, got as much as seven per cent. on a loan on the security of Exchequer Bills?—I do not know that I have.

1340. Have you ever got on any other occasion as much as six per cent. on the loan of Exchequer Bills?—I cannot say; I think that I have had seven on a loan for two or three days.

1341. Have you ever got as much as seven per cent. on a loan on the security of Exchequer Bills?—I am not able to answer that question certainly; I do not recollect.

1342. Nor six?—I do not recollect any circumstance.

1343. Will you undertake to say you have ever had as much as six per cent. on the security of Exchequer Bills?—I cannot undertake to say that I have, or that I have not; I think I could trace it.

1344. Was this, which you have produced, the only document that accompanied the transaction?—Yes.

1345. Is it usual to put these transactions into writing?—Not when it is so short a time.

1346. Is it usual to take any document?—It is not usual in the Stock Exchange, but I generally have memorandums of that sort; I am very particular.

1347. No other document but this passed?—No.

1348. For what period was the 10,000*l.* and the 5000*l.*?—It is a sort of daily bargain to run on not longer than the course of the next week. He told me on the Tuesday, "I think I shall take those Exchequer Bills to-morrow;" and I was a little displeased, for he said "they should run nearly a week." I thought it was a very short period, and was rather displeased with his taking them, but he came the next day and said, "If you do not want the money they may run a little longer." I said, "Very well."

1349. This transaction bears date the 15th of October, and refers to 10,000*l.* and 5000*l.*, when were you entitled to recal the money?—Within the week. I think he said "till next Friday."

1350. The loan being on a Friday?—Yes, I think he said "till next Friday," but I may redeem them before, and that he would speak to me on the Tuesday or the Wednesday morning.

1351. What premium did Exchequer Bills then bear?—That I do not know; I did not inquire anything about the price of them, for I was not buying them. Of late years I have not bought Exchequer Bills, other things bearing a better interest.

1352. In case of a sale of Exchequer Bills, the man has to pay the commission of 1*s.* per cent.?—Yes; I have dealt with Mr. Browne occasionally, who deals in them; he makes me pay 2*s.*, the "turn of the market," as they call it, and 1*s.* per cent. besides.

1353. That would be 3*s.* per cent. commission on the whole?—Yes.

1354. From whom did the mention of "seven per cent.," come from you or Mr. Morgan?—From me. I said, "I should charge him seven per cent." He came to inquire, not having the security for me. He said he understood I could lend him some money. I said, "Yes; but I shall charge you seven per cent., for I have been giving that to Mr. Waller. He hesitated, when I said that, some little time, and did not make any reply. I said, "I have been giving it to Mr. Waller to-day," and he said "very well."

1355. Had any rate of interest been mentioned before that?—No; I do not think he expected to give more than five.

1356. Why do you think so?—Because he hesitated.

1357. What was your reason for mentioning the amount of interest?—Because, unless there is mention made, it is considered to be five per cent.

1358. On a loan for a week, of the kind you have been describing, in Exchequer Bills, the ordinary rate would be five per cent?—Yes, unless money was worth more in the market.

1359. At that time the ordinary and natural rate would be five per cent; and therefore you thought he would expect to pay no more?—The ordinary rate then was seven per cent.; but if I had not mentioned it, he would have thought I meant five: five per cent. is the usual price, unless I say something. If a man says, "Can you lend me 5000*l.*?" if nothing is said, it is put down at five per cent. If a man gives his cheque three days forward he will give it with the addition of five per cent.

1360. Then in those temporary loans five per cent. would be the ordinary rate of interest?—Yes. unless something is said. But here are instances of loans by Waller at seven and at eight per cent. (*producing a book*). Then money gets easier; and then it is at six per cent., and then at five per cent.

1361. Turn to the 15th of October, 1841, and state what rate of interest you paid on Spanish stock?—This is a transaction which ends on the 15th of October: eight per cent. was given to me by Mr. Waller. I lent the money on the 29th of September to the 15th of October at eight per cent. There is a memorandum of sale to Mr. Peacock, dated 15th October, 7140*l.* Spanish active stock at 20, at seven per cent. interest: that was to be till the end of October.

1362. You got on those Exchequer Bills the same amount of interest you took on the Spanish stock?—Yes.

1363. Can you show any instance in which you paid interest at seven per cent. at that date?—There is the memorandum of a sale to Mr. Waller at seven per cent., a continuation we call it, and a cheque for the amount.

The same was read as follows:—

"1841. Spanish for the 29th October, 1841.

Mr. Waller *Dr.* Oct.

14—5100 at 18¾	£956 5 0
And seven per cent.	2 11 3
E. S. pd.	£958 16 3"

"15, *Lombard-street, London, 29th Oct.*, 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis and Co., pay Mr. Waller, or bearer, nine hundred and fifty-eight pounds* 16*s.* 3*d.*

"£958 16 3. "E. SHERMAN."

1364. At this time, the 15th October, could not money have been obtained on the security of Exchequer Bills at five per cent.?—It might for anything I know.

1365. You cannot undertake to say that Mr. Morgan could not have got it at that rate of

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Mr. E. Sherman.

13th May 1842.

interest?—I should not have lent it to him, for I could have got seven per cent. on Spanish. I should have taken Mr. Levy's check the same as any security for the amount. I do not deal with any persons except persons that I am satisfied with. I never make any difference about security. I would not lend money to any person unless I was satisfied of his solvency.

1366. You cannot tell that Mr. Morgan could not have obtained a loan on Exchequer Bills on that day at five per cent.?—I do not know what others might have done; I should not have taken it myself. I was very much pleased with the security of Exchequers, knowing there was but little fluctuation; but I should not have lent on any security at less than that.

1367. Had you mentioned the interest before you saw the security?—Yes; I had said I should charge him seven per cent., and he did not make any reply; he seemed to think it was too much. I said I had been charged by Mr. Waller seven per cent., and he said, "Very well."

1368. The Exchequer Bills had not been mentioned at the time that you mentioned the rate of interest?—No; I expected he would have brought me Spanish; he was told by me as having money to lend. I had said, "If you know any persons who want money, I have some to spare to-day." He came in and began, "I understand you have some money?" I said, "Yes, I can spare you some." He said, "How much?" I said, "I can let you have 10,000*l.*;" and he said, "Well, I will go and get you security."

1369. At that time there was nothing said about the rate of interest?—No; that was when I was writing the memorandum. I said, "I must charge you that, because I have given it to Mr. Waller." I did not want to go into the transaction with Mr. Waller; but that I had mentioned it to him three or four days before. Money sometimes is at a higher rate in the morning than in the afternoon: money gets more plentiful, perhaps, in the course of the day; but it is early in the day, when they have to pay for stock, that they will give a higher rate.

1370. At this period, the 15th of October, no rumour had reached you of there being anything wrong in the market of Exchequer Bills?—No; it was four or five days after that.

1371. What is your profession?—I am a coach-proprietor.

1372. You are in the habit of lending money on security?—Yes; the coach business is very much a ready money business. I have money to lend for a few days. At the end of the month I have payments to make; the coach settlements being made at the end of the month. I used to lend it through a broker formerly, until I got connected with persons on the Stock Exchange. When I went to the principal, I found I could get a better interest. I have had to pay 36,000*l.* in a year to Government for duty; 3000*l.* a month; and perhaps I have had that in my hands nearly two months, and it was an object to make interest of it.

1372*. Levy is a contractor for turnpike tolls?—Yes; we have had transactions many years, and we have both gone on the same principle of lending our money.

1373. In the former transactions with Morgan do you recollect how long the money had remained out?—Never more than a fortnight without being renewed. The first money he borrowed of me was 10,000*l.* Spanish. That went on, I think, three renewals, perhaps at different rates of interest; they would be renewed every fortnight.

[*The Witness withdrew.*]

Mr. *Thomas Boys*, sworn and examined.

Mr. Thomas Boys.

1374. Do you hold the receipt of the Comptroller of the Exchequer for an Exchequer Bill —I do; my banker's name appears at the back of it.

(*The same was produced.*)

1375. Have the goodness to compare that with the counterpart produced to you?—It agrees (*it was inspected by the Commissioners*).

1376. Do you claim to be the owner of the Exchequer Bill number 7102?—I do.

1377. Will you have the goodness to state the circumstances under which you became possessed of it?—In October, 1841, having 1000*l.* disengaged, I inquired incidentally of Mr. William Dobson, chief cashier to Messrs. Stone, Martin, and Stones, if he could tell me how to employ it for a short period. As I had occasion to employ the money shortly, I did not wish to lend it for a long time. He replied that he had recently lent the same amount upon the security of an Exchequer Bill, and had no doubt he could also procure for me the like security at four per cent. interest, the loan to be repaid at the option of either party, on giving one day's notice. I approved of this, and he accordingly procured for me an Exchequer Bill, No. 7102, dated 16th June, 1841, for 1000*l.*, which I paid for through Messrs. Stone & Co., on the 14th October, 1841, in a check upon them, which I am told was discharged by a Bank of England Note, No. 64,204, dated 1st January, 1841. That is the cheque (*producing it*), with the banker's indorsement of the number of the note they paid. Only a short time had elapsed after this when I heard that a suspicion had arisen in the City that some fraudulent Exchequer Bills were actually in circulation, and I expressed to Mr. Dobson my wish to return the one I held, and to obtain back my money. He told me such was the state of things, that my wish could not be carried into effect at the moment, and having examined my Exchequer Bill, he declared it to be genuine. I relied on his judgment, being a chief cashier in a banking-house. He held it up and examined it, and said, "You may be perfectly easy, it is a good Exchequer Bill." At the same time he informed me that he had obtained it from Mr. Harry Tomkins, of the Stock Exchange, the same Mr. Tomkins against whom the Bank of England brought their action, and to whom Stone, Martin, & Co. told me they had lent 20,000*l.* on the same description of Exchequer Bills a short time previous, but that they had called in their money very fortunately. My anxiety being thus stimulated, I left the Exchequer,

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Mr. Thomas Boys, 13th May, 1842.

Bill with Messrs. Stone & Co., requesting them to present it for examination at the Exchequer Office, where it was declared not to be genuine, was impounded, and a certificate to that effect given by Lord Monteagle, No. 7, dated 5th of November, 1841. So soon as Messrs. Stone & Co. delivered to me this document, I applied by letters, dated the 8th of November, the 20th of November, and again the 6th of December, to Harry Tomkins for repayment of the 1000*l.*, with interest, stating the facts of the case; and in his reply he declares his inability to pay. I have not obtained any payment from him, either of principal or interest. There were, besides that, several personal interviews. I have with me the letters I received from Mr. Tomkins, and copies of my letters to him.

1378. You can certify the copies of the letters to him to be correct?—Yes; they are in my own handwriting.

1379. You received the Exchequer Bill yourself from Mr. Dobson, the chief clerk at Stone and Martin's?—Yes; he told me he had got one for himself, and could get one for me; I do not know from whom he got it.

1380. What was the day on which you got it from him?—I got it from him on the 14th of October. This is the cheque by which the bill was paid for.

The same was read as follows:—

"68, *Lombard Street, London, 14th October,* 1841.

"*No.* ———

"*Messrs. Stone, Martin, and Stones, pay to Exchequer Bill No.* 7102, *or Bearer,*
"*One Thousand Pounds.* 16*th June,* 1841.
"£1000. "T. Boys."

1380*. To whom did you give this cheque?—To Mr. Dobson. Immediately on my receiving the notice from the Exchequer Office, I wrote this letter, by advice of Messrs. Lawford, the solicitors.

The same was read as follows:—

"Sir,

"I beg to give you notice that I have received from my bankers, Messrs. Stone, Martin, & Co., a memorandum or receipt delivered to them from the Exchequer Office (and of which I annex a copy), by which you will perceive that the Comptroller-General has detained the instrument No. 7102, purporting to be an Exchequer Bill for 1000*l.*, and which instrument was deposited by you with me for securing the sum of 1000*l.*, lent to you by me on the 14th October last, and interest at four per cent. per annum.

"I give you this notice that you may take the necessary steps for repaying me the amount due, upon which I will assign over or hand to you the memorandum or receipt above alluded to. I beg your early attention to this, and waiting your reply, and

"I remain, Sir,

"*Mr. Harry Tomkins,* "Your obedient servant,
Stock Exchange. "T. Boys."

"Care of Messrs. Baring, Brothers, and Co., 8, Bishopsgate-street Within,
8th November, 1841."

To that I received the following answer:—

"Sir, "Stock Exchange, 11th Nov., 1841.

"I received a letter from you yesterday afternoon, giving me notice to take the necessary steps towards repaying you the sum of one thousand pounds, loaned on an Exchequer Bill, No. 7102, dated 16th June, 1841, for 1000*l.*, now detained by the Lords of the Treasury, and which Exchequer Bill I procured for you. I shall not fail to take those steps without delay, but in the meantime deem it necessary to put you in possession of all the facts of the case.

"On the 14th October, 1841, Mr. Dobson, of 68, Lombard Street, informed me you wished to loan "one thousand pounds" upon the security of an Exchequer Bill. I accordingly obtained the Exchequer Bill, No. 7102, dated 16th June, 1841, for 1000*l.*, of Mr. Francis De Berckem, of the Stock Exchange, and deposited the same with Mr. Dobson, who, in exchange, handed me a Bank of England note for "one thousand pounds," on loan at the rate of four per cent. per annum, and which Bank of England note I immediately handed to Mr. Francis De Berckem. This statement will furnish you with the source from whence the Exchequer Bill emanated, and will no doubt correspond with the books of Mr. Francis De Berckem, to whom I shall immediately give notice of the present position of the said Exchequer Bill.

"I remain,
"Your most obedient,
"Hy. Tomkins."

My next letter to him, not hearing, was dated the 20th of November.

The same was read as follows:—

"Sir, "8, Bishopsgate Street Within, 20 November, 1841.

"Not having received any communication from you since your reply to me under date 11th instant, on the subject of my loan to you, on the 14th October, of 1000*l.*, against deposit of the document purporting to be an Exchequer Bill, No. 7102, and the condition being that the said loan should be repaid at the option of either party on giving one day's notice on either side,—I now call upon you to repay to me to the said sum of 1000*l.* on or

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Mr. Thomas Boys. 13th May, 1842.

before the 25th instant, with interest thereon at the rate of four per cent. per annum from the 14th October.

" *Mr. Harry Tomkins, Stock Exchange.*"

To that he replied, under date of the 25th of November.

The same was read as follows :—

" SIR, " 3, Bartholomew Lane, Bank, 25th November, 1841.

" IN your letter of the 20th instant, you demand repayment this day of your loan of 1000*l.*, and interest from the 14th October, according to the agreement of a day's notice to this effect from either party.

" I have made application to Mr. De Berckem for repayment to me, to whom I handed your 1000*l.* for the instrument purporting to be an Exchequer Bill, No. 7102, dated 16th June, 1841 ; his reply to me is that he cannot entertain my claim until the Lords of the Treasury have decided as to the validity of the Exchequer Bill numbered and dated as above. Under these circumstances I am not able to meet your demand.

" I remain, Sir,

" Your most obedient,

" *To Mr. T. Boys,* " HY. TOMKINS."

" 8, *Bishopsgate Street Within.*"

My last letter to him on the subject is dated 6th of December, 1841.

The same was read as follows :—

" SIR, " Bishopsgate Street Within, 6th December, 1841.

" THE trial of E. B. Smith, reported in the newspapers of to-day, having established the fact of the fraudulent issue of Exchequer Bills, of which I received one from you on deposit against 1000*l.* loaned to you on the 14th October, and interest at four per cent. per annum, I now again beg to call upon you for repayment without further delay, as per your own letter 25th ult.

" *Mr. Harry Tomkins. Stock Exchange.*"

He answered that letter on the 7th of December.

The same was read as follows :—

" SIR, " Stock Exchange, 7th December, 1841.

" I RECEIVED your letter dated the 6th December, demanding the repayment of 1000*l.* loaned by you on the Exchequer Bill No. 7102, dated 16th June, 1841, for 1000*l.* I have written to Mr. De Berckem, of whom I had the Exchequer Bill, and applied to him for repayment, inserting a copy of your letter. I have not yet had a reply from him, but will communicate with you immediately I have.

" I am, Sir,

" Your most obedient servant,

' *To Mr. T. Boys,* 8, *Bishopsgate Street.*" " HY. TOMKINS."

1381. Have you ever taken any legal steps against Mr. Tomkins?—I have consulted Messrs. Lawford on the subject, and they say that he has nothing to pay with, and that it cannot be incumbent on me to incur additional expense for the mere purpose of bringing the matter to a trial when I am to get nothing by it.

1382. Has not Tomkins the means of paying?—No, I am informed that he has not ; that it would be vain for me to bring an action against him. The Bank of England have done so, but they have not gained anything by their action.

1383. You are not in the habit of dealing in Exchequer Bills in any way?—No ; this is the only Exchequer Bill I have ever had in my life.

1383*. What is your profession?—I am a clerk in the house of Baring, Brothers, and Co. I have had their correspondence for seven and twenty years. My usual practice is to invest in the stocks, but in consequence of M'Leod's trial not being determined in America, and things appearing rather uncertain, I wished to employ the money for a short space of time, but not to part with the control of it.

[*The Witness withdrew.*]

Adjourned till Tuesday next at 11 *o'clock.*

TUESDAY, 17th May, 1842.

The EARL of DEVON in the Chair.

The following letter was read:—

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GENTLEMEN,

ON examining the banker's pass book, I find I was mistaken in stating from recollection that part of the advances to Messrs. Hichens and Harrison were made by my own check.

I believe the payments were made chiefly in Bank of England notes, but I am of opinion some may have been made in the checks of the brokers from whom I received the purchase money of certain stocks realized, and whence the funds for the advances in question for the most part arose, but I state this doubtfully, because I have no record of the fact.

I append the dates of advances made, and if any other information be within my power I shall cheerfully attend to your directions.

I have the honour to be,
Your very obedient servant,
THOMAS J. MARGRAVE.
May 12, 1842.

To the Commissioners,
&c. &c. &c.

1840.			
May 18—Advanced Hichens and Co.	£14,499	10	4
May 19—Ditto	21,898	15	8
June 5—Ditto	5,000	0	0
June 22—Ditto	6,265	7	0
	47,663	13	0
Cr.			
1841.			
Feb. 14—Received repayment on account . . .	1,000	0	0
	£46,663	13	0

This balance is the one recorded in the account of the earliest date in the possession of the Commissioners.

Mr. *William Dobson* sworn and examined.

Mr. Wm. Dobson.

1384. What are you?—I am clerk in the house of Messrs. Stone, Martins, and Co.

1385. Can you give the Commissioners any information with respect to an Exchequer Bill, No. 7102, which is mentioned in the Schedule to the Act of Parliament under the head of Stone, Martin, and Co.?—This bill was sent up with our list to the Exchequer Bill examination, and was detained at the Exchequer in consequence of not fitting the counterfoil.

1386. Whose property is that bill?—It is the property of Mr. Thomas Boys, of the house of Baring and Co.

1386*. Had you any communication with Mr. Boys yourself relative to that bill at any time?—About the 5th of October last Mr. Boys was down at our house, and complained that he could not make use of his money, and asked me the best way of getting rid of it. I told him I had been lending my money on Exchequer Bills, for which I was to receive four per cent. payable on demand; he said he would be very much obliged to me if I would endeavour to get one for him on the same terms. I applied to Mr. Tomkins, who is a member of the Stock Exchange, and agent to Mr. Forbes, who is one of our brokers; he transacts the stock business for Mr. Forbes, which we give to Mr. Forbes, he being his agent.

1387. Does Tomkins do business on his own account?—He is a member of the Stock Exchange and does business on his own account, but what he does for us is as agent for Mr. Forbes; he does not stand in our books as our broker. After waiting, I think, about eight or ten days, Mr. Tomkins being out of town five or six days, when he came to town it was, I think, three or four days before he could obtain one of those bills, because they were out at interest with different persons, and he had some trouble, I understood, in getting them.

1388. Will you give the date of that?—I can tell by my book the exact day. I gave Mr. Tomkins the Bank note for it, it was on the 14th of October; I paid Mr. Tomkins a Bank note, No. 64,204, dated the 1st of January, 1841, for 1000*l.*, and on giving him that Bank note he handed me over the Exchequer Bill, No. 7102, and I gave it to Mr. Boys.

1389. He handed it over to you on the 14th of October?—He did.

1390. Did Tomkins tell you from whom he got it?—No, he did not; that was an inquiry I could not make, and had no right to make; as a broker he was a confidential person, and it is a question never asked of a broker.

1391. Have you since heard from him where he got it?—Yes.

1392. What has he told you?—He told me that he got it from De Berckem, but it was not till after the disturbance arose about Exchequer Bills that it came out that he had it from Mr. De Berckem.

1393. Did he state any thing further with respect to the circumstances under which that came into his possession from De Berckem?—He did not say any thing further than this, that they gave him commissions to raise money at different times; he very often had money

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Mr. Wm. Dobson.
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from our house on Exchequer Bills, many thousand pounds. De Berckem was his client, and he had to raise money for him.

1394. Had your house any transactions with Tomkins, except as agent for Mr. Forbes?—Yes, in the borrowing money we transacted business with him.

1395. On what security have your house lent him money?—On the security of Exchequer Bills payable on demand, just the same sort of security Mr. Boys had.

1396. Can you give any account of the transactions of your house with Mr. Tomkins in Exchequer Bills lately?—I am not prepared to do that.

1397. Have your house kept an entry of the bills on which they have made loans from time to time?—No, we have no entry whatever; we merely tie them up and lock them up in our strong room. Being payable on demand, he comes when he likes, and they are handed back to him.

1398. Have you had any transactions with him subsequently to the 14th of October, and prior to the 21st, when public attention was first excited to the subject of Exchequer Bills?—No; our house had very luckily called in their money about three weeks or a month before this disturbance, and they got their money.

1399. Had your house any transactions with him in lending money on Exchequer Bills during the last month before the disturbance as to Exchequer Bills?—In August there was a transaction; I unfortunately got two of those bills. I know that our house, about the 17th of August, had one bill in particular, for that bill is in my possession.

1400. Can you give, on a future day, further information relative to the transactions of your house in this particular?—Yes.

1401. Can you state the amount of their transactions with Tomkins in respect of Exchequer Bills?—I have known him have 20,000*l.*; I think within four months previous to October he has had as much as that, one loan of 1000*l.*, and 5000*l.*, at different times, which were always payable on demand.

1402. Were those transactions of the same nature on Exchequer Bills?—Yes.

1403. Were they always 1000*l.* bills?—Yes.

1404. What was the interest generally reserved on those bills?—Sometimes four, and four and a half; it varied according to the rate of interest in the market; I do not think they were ever as high as five.

1405. Are you able to state what the market rate of interest on such transactions was about the 15th of October?—There was a great deal of panic in the market at that time; before the panic, I should say it was about four and a half per cent.,—perhaps two months before.

1406. Just before the rumour arose about Exchequer Bills?—Money became scarce on that rumour, but I should say previous to that about four and a half.

1407. You appear to have lent money at four per cent. in August?—Yes; I wanted to make interest of the money only for a short time, and he had to go and get the bills from some other person to oblige me, and I suppose in consequence of that he would give me only four per cent.; the difference of the half per cent. I suppose was to remunerate him for getting the bills out of other hands to oblige me. I wanted four and a half per cent., but he said "No, I will not give you more than four."

1408. What was the reason of Mr. Boys giving you the bill to be taken up to be inspected?—He locked it up in his box, and then, on the day we were sending up our list, he came and asked us to send it up to be examined.

1409. It was at first detained by Mr. Boys in his own custody?—Yes.

1410. Did you understand that Mr. Boys wanted it for the purpose of permanent investment?—No, only as a temporary thing till he could find out something better.

1411. Did Mr. Tomkins know for whom you were lending?—Yes; I told him it was for Mr. Boys in the house of Baring.

1412. Did you tell him in consequence of his having asked the question?—No; I only said that Mr. Boys, being in Baring's house, and Baring's keeping cash with us, I wished he would get one for him. He bored me about it half a dozen times before I could get it.

1413. What interest was Mr. Boys to receive?—Four per cent.

1414. Was that the market rate of interest at the time?—No, it was not; for Tomkins gave us less than he gave to others. He gave to our house very shortly before four and a half; I think that was to repay him for the trouble he had in getting the bills, but he did not tell me so; he did not care a farthing about whether we let him have the money or not, for they were in other hands, and he had to get them, and he had nothing, I apprehend, but just the difference of the interest.

1415. Mr. Tomkins did not apply to you?—No, we applied to him; he did us a favour in getting us the bills.

1416. Were the terms of the transactions between you and Tomkins committed to writing in any way?—Not in the least, it was all verbal.

1417. Were there any terms mentioned between you in any way except as regarded the amount of interest to be paid?—The only terms were, that whenever the money was demanded he was to pay it. He was to stand on no ceremony; and he said, "I shall stand on no ceremony with you, whenever I choose to pay you I shall do so." If the interest on money came down, he would say, "You must submit to a lower rate of interest, or take your money."

1418. It was a loan payable on demand?—Yes; with bankers, a loan on demand is on those terms that you pay the money whenever you like, and the banker demands it back whenever he pleases; that is the constant course.

1419. Was anything further said as to the terms on which this loan was to be made?—No, there was not a word more.

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Mr. Wm. Dobson.
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1420. There was no stipulation as to the manner in which the bills were to be kept?—Not a word.

1421. Nor any stipulation about the return of the identical bills?—No; if he had made a demand of that sort, it would have been extremely unusual, for the bankers never part with a bill put into their hands, they always give the identical bill back, and I acted on the same principle.

1422. You say that in former cases your house had made Tomkins advances on Exchequer Bills?—Yes, at various times.

1423. How long had those generally remained with you before they were redeemed?—That entirely depended on circumstances.

1424. On an average, how long would they remain?—Sometimes a month, sometimes six weeks.

1425. In all those cases, was the loan payable on demand?—Always payable on demand.

1426. It is the practice of your house to lend their money so that they can call for it at any time?—It is their practice to lend their money so as to have the command of it; they had rather have a small interest than lend at a higher rate of interest where they could not command their money immediately.

1427. On the 14th of October no rumour had reached you of anything wrong in the Exchequer Bill market?—No; it was on the 23rd of October that the first suspicion arose, but there was not the least idea of suspicion so early as the 14th. I saw paragraphs in the newspaper about a great many Exchequer Bills being about and some banking establishments were suspected at one time, but we did not know what was the nature of the affair.

1428. Is Mr. Tomkins a sworn broker?—No; I believe not; but he is a member of the Stock Exchange, he has done business with our house these 15 years as agent for Mr. Forbes but never on his own account except in the borrowing of money.

1429. Did Tomkins receive any commission upon this transaction?—None, whatever; he never had commission from me. Bankers never allow commission in the case of a broker borrowing money of them; they think they are obliging the broker.

1430. In the borrowing of Mr. Boys he purported to borrow on his own account? Yes; but as the agent of some other person on the Stock Exchange, we knew that he must be employed for somebody else, it might be that he was asked to raise money on Exchequer Bills, and that if he got it at a lower rate than was allowed that was his profit; but I am not aware of the nature of the transaction.

1431. You have said that Tomkins had a connection with your house for about 15 years, was he in the habit in the earlier years of bringing Exchequer Bills?—No; I think it has been only for the last 18 months. Mr. Forbes, with whom he is connected, was brother-in-law to Mr. Stone.

1432. Was the Bank-note paid to Tomkins of 1000*l.* the property of Boys?—It was money he had on his account in our house, he drew a check upon our house for that amount, I paid the Bank note and this is the entry (*producing the same,*) "14th October, 1841. Thomas Boys, No. 64,204, 1st January, 1841, 1000*l.*"

1433. What book do you call that?—We call it the Goldsmith book, we continue the old names.

1434. Do you recollect that at any period during which you had Exchequer Bills of Tomkins in your hands the regular period of exchange came round?—I have no recollection of such a circumstance; at the period of the loan I have just mentioned no exchange took place.

1435. When your house has securities for a loan, is it usual when the periods of exchange come round for your house to take those bills to be exchanged, or does the party depositing withdraw them from you for that purpose?—I never knew an instance of our having any circumstance of that kind; persons borrowing money on Exchequer Bills and leaving them with us to send up. We send up a great many Exchequer Bills, and whether with those bills there may be any bills deposited as loan bills I cannot recollect; the partners undertake that business themselves, so that I cannot speak very specifically to it.

[*The Witness withdrew.*]

Mr. *Edwin Wade Lomer,* sworn and examined.

Mr. E. W. Lomer.

1436. You are clerk to Messrs. Robarts and Co.?—I am.

1437. Do you produce any book from that house?—I do; the ledger kept by myself.

1438. Do you find an entry of a transaction on the 15th of October of a draft payable to Morgan?—There are two, one for 5000*l.* and another for 10,000*l.*

1439. Can you tell what bankers they went through?—No, I cannot; the cheques are crossed.

1440. Are those cheques debited to the account of Mr. Sherman?—Yes.

1441. To whom are they payable?—To Morgan; that is the entry.

1442. On the 27th of October, do you find an entry of a draft of Mr. Sherman's to Levy?—It is entered payable to Long, it is a mistake in the copying, it should be Levy; it is for 800*l.*

1443. On the 29th of October, have you a cheque drawn by Mr. Sherman for 958*l.* 15*s.* 3*d.*?—Yes; payable to Waller.

1444. Are those the cheques to which you have been referring, (*the cheques produced by Mr. Sherman being shown to the Witness*)?—They are.

Examinations.

Mr. E. W. Lomer.

17th May, 1842.

1445. Refer particularly to the cheque for 800*l.*?—The name is not distinct, but there is the name of Levy on the back of it.

[*The Witness withdrew.*]

Mr. *William Knight*, sworn and examined.

Mr. Wm. Knight.

1446. Do you transact business under a firm?—Under the firm of Knight and Co.; my son is the company.

1447. You and your son are in partnership?—Yes.

1448. Are you a member of the Stock Exchange?—I am.

1449. The Exchequer Bill, No. 8284, appears to have been bought from you by Brown?—It was.

1450. Will you have the goodness to give to the Commissioners the particulars of that transaction and explain how you came by the bill?—On the 17th of April, 1841, I bought it for a principal of Messrs. Cooper.

1451. Was it ever in that principal's possession?—Yes.

1452. For whom was it bought?—Messrs. Longman and Co., of Paternoster Row.

1453. When you bought that what did you do with it?—I delivered it to Messrs. Longman.

1454. Did you afterwards sell it, and when?—I did; I sold it for them with other bills on the 10th of May, 1841; I sold five bills of 1000*l.* each, and this was one of them, to Mr. Brown.

1455. Did you sell them all to Mr. Brown?—Yes.

1456. Have you any memorandum of the numbers of the other bills?—I have of them all in my book, (*producing the same*).

1457. In what manner were those bills paid for?—By cheque; we received a cheque from Messrs. Longman and Co. for the bill we bought, and we gave a cheque to Cooper for it.

1458. That was the transaction preceding. When you sold it to Browne, how was it paid for?—When we sold it to Brown, we received Brown's cheque for 5041*l.* 5*s.*, a cheque on Robarts's.

1459. Is that now shown to you the account? (*the same being shown to the Witness.*)—Yes, that is my clerk's writing.

1460. Longman paid you by a cheque for this particular bill?—Yes, and we did not give Longman any cheque for it, for the money was invested in stock afterwards, the exact amount of the money.

1461. Is there any entry of the payment by Longman's by cheque in your book?—Yes, the 17th of April (*the Witness referred to the entry*) they paid us 1011*l.* 11*s.* 10*d.*, and we paid Cooper 1010*l.* 11*s.* 10*d.*

1462. On whom was Messrs. Longman's cheque?—I think it was on Messrs. Smith, Payne, and Smith: they keep their account there, but we did not put it down in our book.

1463. The 1011*l.* is for the payment for the Exchequer Bill interest, premium and commission?—Yes, this is Cooper's ticket (*producing it.*)

The same was read as follows:—

" Sold to Mr. Knight. 17th April, 1841.
" No. 8,284.

	£.	*s.*	*d.*
" 1 | 1000 Ex. 15th March	1,000	0	0
" Int. 33 ds.	3	1	10
" Pm. 15*s.*	7	10	0
" For COOPER and Co.	£1,010	11	10
" E. COOPER."			

1464. Who are Cooper and Co.?—Members of the Stock Exchange.

1465. Did you buy of the firm?—We buy of the firm. We say Cooper and Co. I cannot tell their Christian names.

1466. What is their address?—Stock Exchange.

1467. Are they stock-brokers?—I believe they are Exchequer-bill jobbers; that is what we call them; I am not sure whether they are brokers.

1468. Had you had former transactions with them in buying Exchequer Bills?—Very frequently, both with them and with Browne.

1469. The premium appears to have been 15*s.*; was that the amount of premium Exchequer Bills bore in the market at that time?—Yes.

1470. Those charges are correct, supposing the bill to be genuine?—Yes.

1471. On what bankers do you draw?—Jones Lloyd and Co.

1472. Did you pay for that by a draft on Jones Lloyd and Co.?—Yes.

1473. Look at that bill. Is there anything upon it which makes you know it again? (*the bill, No. 8284 being shown to the Witness.*)—No, there is nothing.

1474. Looking at that bill, now is there anything upon the face of it which is particular, or which would attract your attention?—Not that I perceive.

1475. At the time you bought that did you take notice of it particularly?—Not more than we do of any other bills.

Examinations.
Mr. Wm. Knight.
17th May, 1842.

1476. You take notice of the amount and particulars?—Yes, but we have often observed that there was a great difference in the signature of the bills; we have observed that at times which we could not account for.

1477. Did you tell Cooper and Co. for whom you were buying it?—Certainly not; we never do that.

1478. Did they ask any questions upon the subject?—Certainly not; they do not question us upon the subject, because they look upon the broker as the responsible person; they do not know our principal, and do not inquire about it.

1479. You did not state whether it was intended as a permanent investment?—No, we did not know what was their intention; we know they are in general rather large holders of Exchequer Bills; they very frequently come and buy 5000*l.* worth of Exchequer Bills, and lock them up in their box, and they accumulate; they hold to a very considerable amount.

1480. Is that in your hand the draft by which you paid for that Exchequer Bill?—Yes.

The same was read as follows:—

"*No.* 43.

"*No.* —, *Lothbury, London, April* 17*th,* 1841.

"*Messrs. Jones Loyd and Company,*

"*Pay to Messrs. Cooper, or bearer, one thousand and ten pounds* 11*s.* 10*d.*

"£1,010. 11*s.* 10*d.* "*Knight and Son.*"

1481. Did Cooper and Co. know that you did business for Longman in that way?—I cannot say, for we did not tell them.

1482. Had you done business for Longman for some time?—For 20 years, I think.

1483. Had you ever purchased from Cooper and Co. for Longman before?—Oh, yes, both from Cooper and from Brown, to whom we sold this.

1484. After some time this transaction came before the Committee of the Stock Exchange?—Yes.

1485. What was the decision of the Committee on that bill so far as you were concerned?—As far as we were concerned we had to deliver a good bill to Brown, and Cooper delivered a good bill to us.

1486. Was that done in conformity to the decision of the Committee of the Stock Exchange?—It was.

1487. You got a good bill from Cooper and Co. in exchange for this bad one?—Yes.

[*The Witness withdrew.*]

Mr. *Frederick Henry Smith* sworn and examined.

Mr. F. H. Smith.

1488. You are a clerk to Jones Loyd and Co.?—I am.

1489. Do you find in the book you produce an entry of the 17th of April, 1841?—Yes, 1010*l.* 11*s.* 10*d.*

1490. Is that the draft now shown to you which you paid?—Yes, that is my cancelling and entering.

1491. Do you find an entry of the receipt of 5041*l.* 5*s.* by cheque of Brown on Robarts?—Yes.

[*The Witness pointed out the entry.*]

A minute of the Lords of the Treasury, of the 31st December, 1841, on a claim of Mr. Thomas Browne, with respect to instruments purporting to be Exchequer Bills 8381 and 8382, was read.

Mr. *Thomas Browne,* sworn and examined.

Mr. Thos. Browne.

1492. You appear, in the schedule, to have taken into the Treasury two instruments purporting to be Exchequer Bills, Nos. 8381 and 8382. Are those the bills which were so taken in by you which are now shown to you? (*the said bills being shown to the Witness.*)—Yes.

1493. You hold the counterpart receipt?—I do.

1494. Does that now produced to you correspond?—Yes. (*Inspected by the Commissioners.*)

1495. Is that your endorsement on the back of the Exchequer Bills?—Yes; that was previous to my paying them into the Bank of England.

1496. Will you explain to the Commissioners the manner in which you became possessed of those bills?—It so happened that, in the year 1840, I disposed of my business as a chemist and druggist for 2000*l.* The amount was first deposited in the Joint Stock Bank; and, wishing to increase the rate of interest, I was speaking to a friend of mine, who said he had had a conversation with his broker, who asked him whether he had any spare cash that he had an opportunity of giving him unquestionable security, and allowing him five per cent. interest. It so happened that, at the time this conversation took place, my time had expired at the Joint Stock Bank, for either renewing my deposit or withdrawing it. A gentleman, with whom I had a conversation, offered to introduce me to his broker, Mr. Scott; and, in consequence of that interview, he said he thought he could get me Exchequer Bills, but that at the time he had not them by him, but would see, and let me know the result.

Examinations.

Mr. Thos. Browne.
17th May, 1842.

1497. Who introduced you to Mr. Scott?—The Rev. Robert Dickenson.

1498. What was the date of this conversation?—October the 2nd.

1499. Was that the date of the first conversation with your friend, or was that the date of the subsequent transaction?—It was only the day before, I think. I came up from the country to receive my deposit, and to make an alteration in the disposal of my property.

1500. Mr. Dickenson is a private gentleman?—He is a mutual friend. Mr. Scott is his broker. He is a clergyman, and was a neighbour of mine.

1501. Did he, in fact, introduce you to Mr. Scott?—Yes, he went with me to Mr. Scott. On our first interview, which was, I think, October the 1st, 1841, he had not any bills of that kind to give me; but he said he would see in the course of the day, and let me know; which he did by a letter I have in my possession at the present time.

1502. Will you produce that letter?—This is it (*producing it*).

The same was read as follows:—

"DEAR SIR, "3, Bartholomew Lane, 28th September, 1841.

"I HAVE arranged with a party who has 2000*l.* Exchequer Bills for security to lend him 2000*l.* for two or three months (the latter period would be preferred) from the 1st October, at five per cent. Should I not have the pleasure of seeing you before Friday, I shall conclude you will accede to the engagement by being in possession of the bank notes in the afternoon of that day.

"I am, dear Sir,
"Yours very obediently,
"J. W. SCOTT."

"*Thomas Browne, Esq.*,
"4, *Brixton Place.*

1503. Did you, on Friday, see Mr. Scott again?—On the 2nd of October I made the deposit, which was the day after our first interview. The day of the week I cannot call to mind, and I made it according to an agreement I have here. At first it was proposed that I should have the bills for two months; but he had said, in the letter, that three months would be preferred.

1504. What passed between you when you saw him again?—Nothing more than taking him a cheque on the Joint Stock Bank, where I had a deposit, and giving it to his brother, who acts as his clerk, who went and received the money, and gave me the balance, after deducting for the amount of the 2000*l.* bills.

1505. You saw the cash handed over to Mr. Scott?—I did. My deposit in the Joint Stock Bank was not only for three months, it went for six months, and was afterwards renewed again; but the latter interest was only for three and three quarters.

1506. Can you tell what rate of interest you received during your deposit with the Joint Stock Bank?—For three months it was $4\frac{1}{4}$, and for six months it was $3\frac{3}{4}$. After first making inquiry about Exchequer Bills which I was advised to invest my money in, I met Mr. Richard Hotham Pigeon, the treasurer of Christ's Hospital, and told him what had been proposed, and the rate of interest I was to have, he said, "I think you cannot do better, for I never knew an Exchequer Bill doubted." I never went further to make inquiry, but spoke with Mr. Scott.

1507. When those Exchequer Bills were handed over to you, what did you do?—There was an inconvenience attending it, that I should be obliged to have them about my person; and, not being a housekeeper, I thought it would be inconvenient, till a friend reminded me that I had an account with the Bank of England, and that I might deposit them with them, which I did.

1508. You deposited them with the Bank of England, as your bankers?—Yes; I had an account with them when I was in business, and have now.

1509. When did you withdraw them from the Bank of England?—I received a letter, dated the 1st of November, from them, offering to take them up for examination. They sent that to all persons who had Exchequer Bills in their hands.

1510. Did you hear any circumstances which excited your suspicion?—I saw, about three weeks after I got them, a statement in the newspaper, that an unusual rate of interest had excited suspicion, and I came up to make inquiry.

The letter was read as follows:—

"SIR, "Bank of England, November 1, 1841.

"NOTICE having been given that the officers of the Exchequer will examine such Exchequer Bills as may be sent to them, detaining such as do not agree with the counterfoils, I beg to know if it is your wish that the Bank of England should send up for examination the bills held for your account.

"I am, Sir,
"Your very obedient servant,
"M. MARSHALL, Chief Cashier."

Thomas Browne, Esq.

Mr. *Browne.* I went to Mr. Scott, the broker, who told me that he feared there was something, and I was very much astonished, but I found I could do nothing.

1511. Where were you living at the time?—I had no fixed residence at the time this took place. I was remaining with my wife's friends down in Kent. I had parted with my business at Camberwell, where I had lived for 40 years, and hoped to retire in comfort.

1512. You are described by Mr. Scott as residing in Brixton Place?—That is the house of my brother, where I go when I am in town.

1513. Had you had former transactions in Exchequer Bills?—I never saw an Exchequer Bill before in my life.

1514. What did you do upon that letter?—I asked some of my friends, who were in business, what I had better do.

1515. Did you take up the bills yourself, or did the Bank take them up for you?—I took them up myself.

1516. They were examined and impounded?—Yes; this (*producing it*) is my banking book where they were entered as being deposited there for my security, under the date of the 4th of October, two days after I received them.

1517. Do you, of your own knowledge, know whether your friend and Mr. Scott had been long acquainted or connected?—Yes, I should say for four or five years; they met at a friend's house, the Surgeon at Bethlem, Mr. Thomas, and in consequence of their meeting there when he came to live there, he employed him as his stock-broker.

1518. You did not know Mr. Scott yourself?—No, I never saw him till that time.

1519. What communication have you had with Mr. Scott on the subject of the bills he procured for you?—Whenever I have been to him he has been very cold on the business; he has said he is very sorry for it, that he has been in a great dilemma with his friends, that he hopes it will be better than he expected. I was in great suspense, I wished to know whether I could get anything by going to law; he told me that a person had commenced proceedings against him for more than he was worth, and that the rest had suspended proceedings.

1520. Have you taken any proceedings against him?—No.

1521. Why have you not?—I did not think I could gain anything by doing so.

1522. Have you consulted your Attorney upon that?—No; if I had found there was any prospect of gaining benefit I would go to law, but I did not feel that I should gain anything. I have no opinion of lawyer's bills; and more than that, I can say I have been so fortunate through life I have never employed one.

1523. Was the 2000*l.* paid in cash or in bank notes?—I parted with my business in 1840, for which I received 2000*l.*; I deposited it in the Bank, and from thence in the Joint Stock Bank.

1524. Was the money handed over to Scott in bank notes?—It was.

1525. Who was present besides yourself and Scott, and his brother, at the time that payment was made?—I do not think there was any other person present, I can say with confidence there was not.

1526. Did you receive any account or note from him?—Yes, this is it, (*producing it*).

The same was read as follows:—

"Borrowed of Thomas Browne, Esq., 2000*l.* sterling, on Exchequer Bills as security, for three months from this date, at five per cent.

Exchequer Bills, No. 8381—2} 15 March, 1841.

London, 2 October, 1841,
J. W. Scott,
3, Bartholomew-lane."

1527. This was the acknowledgment you got for the money?—Yes, the only acknowledgment I had, except the bills.

1528. He did not say at the time from whom he got those bills?—No.

1529. Has he since said from whom he got them?—Yes, he said he got them from De Berckem.

1530. He said somebody had instituted proceedings against him on other bills?—Yes, that had been sold by him.

1531. Did he happen to mention how many bills he was in that situation with?—No, he did not.

1532. What is the name of his brother who handed over the money to you?—I am not acquainted with him, I do not know.

1533. Do you know his address?—I do not, any further than that he attends at the counting-house in Bartholomew-lane.

1534. Did he give you any further particulars with respect to those bills than that he had got them from De Berckem?—I was anxious to make inquiry, and he said that he had got them from De Berckem, and it went back to Rapallo and Beaumont Smith; he gave me four parties through whose hands they had been; I recollect De Berckem was the first. I went to his counting-house, Mariner was another, then it went from him to Rapallo, and from Rapallo I suppose to Beaumont Smith.

1535. Is Mr. Scott a member of the Stock Exchange?—I have inquired and found he is a member.

1536. What Joint Stock Bank did you refer to?—The London Joint Stock Bank.

1537. What was the amount of your draft on the London Joint Stock Bank that day?—It had been renewed at different times, and I cannot recollect the precise amount. I received with the 2000*l.* the quarter's interest, the previous interest I had received before.

1538. You claim under those circumstances to be the owner of those bills?—Most assuredly I do; I have done all that mortal man could do; at the time the three months had expired, I went and demanded my money in person, I found I could get nothing; I left a written de-

Examinations.

Mr. Thos. Browne. 17th May, 1842.

claration that I had demanded my money, and took a witness with me, and I applied to the Treasury for the identical bills that a clerk might go with me, which they were kind enough to allow; I presented the identical documents, to do all I possibly could under such circumstances; I had previously been informed that the Exchequer Bills could not be parted with.

1539. No stipulations were made on the occasion of this deposit, except those which appear upon the face of this paper?—Nothing more; I never had any previous knowledge of the parties, and the Rev. Robert Dickenson, who recommended me there, I have not seen since the transaction.

1540. What is Mr. Dickenson's address?—The Rev. Robert Dickenson, near Cheshunt, Hertfordshire.

1541. He was not present at the payment of the money?—He was not. Mr. Dickenson, who introduced me to Mr. Scott, is rather advanced in life, and ever since he has heard that the purchase of them has thrown me into difficulty, he has been very much concerned indeed.

[*The Witness withdrew.*]

Sir *Charles Price,* Bart., and *Charles Price,* Esq., sworn and examined.

Sir C. Price, Bart., and C. Price, Esq.

1542. (*To* Sir *C. Price*) Have you the counterpart receipt for certain Exchequer Bills?—I have (*producing the same*).

1543. Is that your signature at the back of the Exchequer Bills now shown to you?—It is the signature of my son.

1544. (*To* Mr. *Price.*) Will you look at those bills and see whether those are your signatures at the back of them?—They are.

1545. (*To* Sir *C. Price.*) Did you or your house present at the Exchequer 26 instruments purporting to be Exchequer Bills for 1000*l.* each?—Yes.

1546. Are they those which have been now produced to you?—Yes.

1547. Will you detail to the Commissioners the circumstances under which you became possessed of those bills?—They were for money advanced to a Mr. Rapallo, who was introduced to us by the widow of Mr. Solari, whose account we had, and had had for several years, and she introduced him to us as a friend of her late husband, who came forward to assist her in the administration of his affairs.

1548. Was his name Ernest Rapallo?—Yes.

1549. What was the amount advanced by your house?—That was the last transaction (*producing a paper.*)

The same was read as follows :—

" Messrs. Price, Marryat and Co. " London, August 2, 1841.

" GENTLEMEN,

" ON consideration of an advance made to me by you this day of 21,000*l.*, I hereby deposit with you 21 Exchequer Bills of 1000*l.* each, numbered as at foot, which I authorize you to hold as collateral security for its repayment, or to sell for your reimbursement if I should fail to redeem them, as mutually agreed between us.

" I am, Gentlemen,
" Your obedient Servant,
E. RAPALLO.

	£.		£.
			10,000
7910	1000	7920	1000
7911	1000	7921	1000
7912	1000	7922	1000
7913	1000	7923	1000
7914	1000	7024	1000
7915	1000	7925	1000
7916	1000	7926	1000
7917	1000	7927	1000
7918	1000	7928	1000
7919	1000	7929	1000
		7930	1000
£10,000			£21,000

1550. That letter refers to a mutual agreement as to the terms therein; was there any writing on that subject?—No, he borrowed it at five per cent. for a month.

1551. During which month the rate of interest was five per cent.?—Yes.

1552. Were the bills redeemed, or left in your hands?—At the end of the month he wished the loan to be continued and therefore he paid the interest at the end of the month, and we continued the loan on the same terms for another month.

1553. That would bring it down to the 2nd of October; was the loan further continued, or what was done with it?—It was for a short time, but we had given him notice to redeem it; if the exposure had not taken place in October, we were to have been repaid.

1554. Have you the means of stating when you first gave him notice to redeem?—Very shortly after the second renewal, I think; we have no memorandum of it, it was a verbal communication.

1555. The Exchequer Bills were left in your possession, they were not taken up?—No.

1556. That letter authorizes you to sell in case the money was not paid; did you take any steps towards selling?—Mr. *Price*. After the exposure took place.

1557. Did you take steps to sell immediately after the second renewal?—Mr. *C. Price*. We gave him notice to redeem.

1558. But you did not think it necessary to take any steps for realizing the amount?—No.

1559. What passed on your giving him notice to redeem?—A promise that he would redeem them in a very few days.

1560. Did he ever make any attempt to make that good?—No, he fixed a day.

Mr. *Price*.—He said, "On the day that this expires I shall be able to redeem a part or the whole of them."

1561. (*To* Mr. *Price*).—Turn your recollection as accurately as you can to the 2nd of October, and state what first passed between you and Rapallo before the second term of a month had expired?—They were renewed then for another month; they were renewed twice.

1562. Pending the month of October the loan was running?—Yes; it would have expired on the 31st of October, if my memory bears me right.

1563. Can you state the date of your first interview with reference to his redeeming them, when it was you gave him notice that you did not wish the loan to continue?—We gave him notice when it was reported that something was wrong with the Exchequer Bills; we sent for him and asked him what it meant, and he said "It is some rumour of which I cannot give you an account, but our loan expires on such a day, and I shall then be ready to redeem it in part, or in whole." That was the only conversation we had on the subject of redeeming, and that was within four or five days of the loan expiring.

1564. It was the latter end of October?—Yes; he said, "At the end of the week," or some such expression, "I shall be ready to redeem the whole or the greater part, or you may sell them."

1565. Does anything fix in your recollection the first day you heard of things going wrong about Exchequer Bills?—No, I cannot speak to that; they came to us and stated that there was a report of something wrong with regard to Exchequer Bills; it was only a day or two before the great exposure took place.

1566. Did you happen to have had other Exchequer Bills from other gentlemen in your hands at that time?—I cannot say; I think it is very probable; it is an every-day transaction.

1567. How long had Solari kept an account with you?—About six years, I think.

1568. Rapallo, you state, you had not known before?—No, Mrs. Solari introduced him as executor, with her as administratrix, of her husband's affairs, and begged us to take his orders for the management of the account.

1569. Do you know that Mr. Rapallo acted as executor of Mr. Solari?—I do not know; we knew him only in regard to these transactions, and the general management of the account.

1570. Did the account continue after Mr. Solari's death?—Yes, an account in liquidation.

1571. Had Rapallo authority to draw upon that account?—Yes, he had authority from Mrs. Solari.

1572. Can you inform the Commissioners what was the state of the account at the early part of August, whether it appeared that there was occasion for this large advance?—No, it was the same as it had always been with us; he used to represent that he should require advances of money, we asked him on what security, he said, "Oh, I always keep my money in Exchequer Bills?" It was therefore just the same. We had discounted other paper for him. He was engaged in a slate quarry, and used to bring us bills to discount, and used occasionally to ask us for an advance on Exchequer Bills of all sorts of amount, from one up to twenty.

1573. Had you been in the habit of making advances to Solari on Exchequer Bills?—Yes.

1574. Had those loans been generally repaid?—Yes, he used to come and borrow of us for a month perhaps; we used to wish him to fix a day, but he used to come and repay part, and pay the interest.

1575. Was his dealing with you generally in Exchequer Bills?—Generally in Exchequer Bills, sometimes in other things, but his advances were generally in Exchequer Bills.

1576. How was the rate of interest regulated, was it matter of special agreement at the time?—Very generally it was for one period, and therefore we made an agreement with him to charge him the Bank rate of interest; generally, I think, it was a special bargain.

1577. What sort of bargain was made; was it for the market rate of interest, or what sort of rate?—For a rate of interest whatever we thought it worth our while to lend the money for; according to what we could get, which of course depended on the time he came for it.

1578. Have you books to refer to which would show the nature of your transactions with Solari, and the amount of interest from time to time?—Yes, I have Solari's pass book in my pocket; I do not know what became of the other pass book. This begins from the year 1837 (*producing it*) that was never taken away from us.

1579. Do you know the period of Solari's death?—I think it was late in the year 1840.

1580. Did Solari ever leave bills in your hands at the time of an exchange?—No, we never took up bills for him to be exchanged.

Examinations.

Sir C. Price, Bart., and C. Price, Esq.

17th May, 1842.

1581. Did he withdraw them before that time?—I should think he must, for I never recollect taking up any bills for him.

1582. Have you any account of the numbers of the Exchequer Bills which have been at different times deposited in your hands?—No, we had letters from time to time, but those were destroyed, one letter under another.

1583. You cannot trace the numbers you have previously had?—No, if we send up bills to the Exchequer to be exchanged we retain the numbers, but when securities are withdrawn we do not keep the numbers.

1584. It appears in the pass book that during Solari's life-time there is an entry very distinctly marked D?—That is discount; it refers to our discount ledger.

1585. The sum is generally 26,000*l.*, the same sum as was afterwards advanced to Rapallo?—Yes, I think the latter part of Solari's life it was, but that book goes down, I believe, after his death.

1586. There appears to have been during Solari's life-time a considerable advance from your house?—Yes, certainly.

1587. And a running advance for it appears on the other side, that payments were made and the advances renewed?—Yes, just so.

1588. Was the account balanced at the death of Solari, and a new account opened?—No, the account went on, Mrs. Solari did not administer in the first instance, and she desired us to take the directions of Mr. Rapallo, and to go on in the same way.

1589. Did she act under a will or under letters of administration?—I do not know.

1590. Can you distinguish from your account at what period Solari or Rapallo withdrew Exchequer Bills?—No, for the amount would probably remain the same, it would be only a change of security; the letter, which is the trace of the transaction, is destroyed; as soon as he brings another security that is specified in a new letter, and the old one is destroyed.

1591. Each successive deposit which Solari made with you of Exchequer Bills would be accompanied with a letter of the same description as that you have put in?—Yes, but those were all destroyed one under another; the letter became his as soon as he had withdrawn it, that is the last.

1592. If he had redeemed the Exchequer Bills now produced, he would have withdrawn that letter and substituted another?—Yes.

1593. It appears that long previous to Solari's death there was a sum of 26,000*l.* carried on, being a similar sum to that which Rapallo afterwards had?—Yes.

1594. Sir *Charles Price.*—Rapallo had, I believe, three different loans, there was a 1000*l.* and a 5000*l.* Here is this letter, which turns out not to be signed.

The same was read as follows.—

" London, August 3rd, 1841.

" Messrs. Price, Marryat, and Co.

" GENTLEMEN,

" ON consideration of an advance made to me by you this day, of 5000*l.*, I hereby deposit with you five Exchequer Bills of 1000*l.* each, numbered as at foot, which I authorize you to hold as a collateral security for its repayment, or to sell for your reimbursement if I should fail to redeem them as mutually agreed between us.

" I am, Gentlemen,

" Your obedient servant,

" No. 8470—£1000.
8471—£1000.
8386—£1000.
8387—£1000.
7096—£1000."

1595. Are the Commissioners to understand that, at Solari's death, there was a loan of 26,000*l.*, and a separate loan of 5000*l.*?—Yes.

1596. The entries refer merely to the carrying on the interest on the loan?—That was all. The transaction was managed by Mrs. Solari, in accordance with that.

1597. Rapallo's name appears mentioned in several parts of the pass-book, before Solari's death; but you had no personal acquaintance with him?—No, we knew nothing of him.

1598. Did you consider the 26,000*l.* advanced to Ernest Rapallo for himself, or as representing Solari?—This was advanced to Rapallo himself.

1599. What was the balance due to your house, from Solari, at the time of his death?—I do not know the exact date; but when the date is ascertained the balance can be struck.

Sir *Charles Price.*—Independently of the loan, there appeared in the book a balance due to him.

1600. On the general account it appears that there was a small balance due to him, but so small that, before the 31st of December, it was turned the other way; and there is an entry of 95*l.* due from Solari's estate to your house. Will you refer to the book, and state whether that is a correct view of the case? (*Mr. Price looked through the account.*)—There is the difference between 715*l.* in October, but turned the other way by the calculation of interest.

1601. Do you know in whose hand-writing the letter is which you have produced which is not signed?—It was written in our house, and put away without being signed. I recollect his saying he should call in and sign it; but I was not aware, till we came to refer to it, that it was not signed.

1602. Was it dictated by him?—It was a copy of the previous letters.

1603. You have not kept what may be called an Exchequer Bill account with him?—No.

1604. It all rested on his letters, withdrawn from time to time, as the transaction varied?—Yes.

1605. You cannot give the dates of those successive letters?—No, there is nothing to guide us in fixing on a date.

1606. If the bills had not been withdrawn at the time of the exchange, would they have been taken up by you in the usual course?—Yes, or sent.

1607. Did Solari always bring you the bills himself, or was the transaction ever through the intervention of a broker or agent?—I think it was principally himself. There was a son of his, who used to come to the banking house, and he may have brought them; but I have no recollection of any particular instance.

1608. There was no intervention of a stranger?—No, it was either himself or his son.

1609. Supposing the period of exchange had come round, and the period of deposit had not expired, so that you would not have been entitled to sell them, the bills would, in the case, have been carried by you to be changed?—Yes, they would.

1610. Have you any recollection of his having withdrawn them before the period of redeeming had arrived?—No, I have no recollection of the kind. He changed the securities very frequently.

Sir *Charles Price.*—When he reduced his account, he withdrew them. If he had borrowed so many thousand pounds for a month, and he found, in the course of the month, that he did not want it, he would come and withdraw them before the period originally fixed.

1611. Did that frequently occur?—No, not frequently.

Mr. *Price.*—Here is a memorandum of 14,000*l.*; that must have been a rebate, paid off 14,000*l.*, out of the sum apparently of 26,000*l.*

1612. The effect of that would be that he would get back fourteen bills?—Yes. On the 30th of June, 1840, here is an entry:—"Loan and interest, 14,053*l.* 10*s.* 1*d.*" Here is another entry:—"Cash for rebate of interest, 20*l.*;" showing that he exchanged them before the period.

1613. During the periods those loans were going on, were you in the habit of lending money for short periods, on Exchequer Bills, to other persons?—Sir *C. Price.* Yes; that is in the course of a banker's business. They are generally sought for; we have thought they were the best security we could lend on.

1614. What was the habit of your house with regard to those securities; do you take any memorandum of the numbers?—No, we filled them up with a memorandum of the name, and put them into our safe, and they came up in the revolution of our bills.

1615. Then the letter is withdrawn on which they were deposited; and, if there is a renewal, a new letter is left?—Yes.

1616. Do you recollect the highest amount of interest on which you ever had occasion to lend to Solari on Exchequer Bills?—Mr. *Price.* No; it varied from time to time.

1617. Did it ever exceed five per cent?—I should think it did. It depends on the Bank; and the last three or four years has been a period when money was very scarce. He was charged according to the market rate, for we asked our broker. I do not mean to say that we have not lent money at a higher rate of interest than we have lent Solari; but then, that arose out of the broker coming in for a particular advance.

1618. It never exceeded the market rate of interest on such transactions?—No; we used to ask our broker; whatever we did with him, and with anybody else, was governed by that.

1619. Would not there be one rate of interest on Exchequer Bills and another on foreign securities, for example?—Yes; the Bank rate of interest on bills of exchange is one thing, and the market rate of interest among merchants (for they are persons who come to ask for advances under particular circumstances) is another. The interest goes up very high sometimes.

1620. Would the interest on bills of exchange or on those securities be higher or lower?—Sometimes one and sometimes another. The money on the Stock Exchange, which is what we call the money market, is sometimes lower than the Bank rate of interest, and sometimes it is higher; they always settle that on the Stock Exchange. We have nothing to do with it; they tell us what it is.

1621. Generally speaking, does not the rate of interest differ with the nature of the security?—Not always. This very day the interest on Consols is 10 per cent.

1622. It varies according to the period of time for which the money is lent, and in some degree the nature of the security?—Certainly.

1623. Did you know at the period during which those loans were running with Solari what was the nature of his business?—Sir *C. Price.* He appeared to us to be a general jobber, a man turning his capital in any way he could make it pay; and that was the ground upon which he stated to us that he kept his money always in Exchequer Bills, that he might have them at any time of the day whenever he could turn his money to advantage. When he opened his account he said if he wanted any accommodation, which he should require sometimes, he should always bring us Exchequer Bills; that he kept his capital in Exchequer Bills; and that he had it always ready, and should meet with no disappointment.

1624. How did you first become connected with Solari?—Mr. *Price.* He was known to several of our friends; they said he was a very respectable man; one of them I recollect represented him (the term made an impression upon me) as a millionaire.

1625. Do you recollect the year in which you were introduced to Solari?—I think in 1835 or 1836.

Examinations.

Sir C. Price, Bart., and C. Price, Esq. 17th May, 1842.

1626. Are you certain that there was a pass-book previous to that?—Yes, for there is a balance brought forward from the former book.

1627. Do you know where Mrs. Solari and her son are?—No, I have not seen the son for a considerable period. Mrs. Solari I have not seen for the last 12 months. We have made every endeavour in our power to learn where they are to be found.

1628. The pass-book exactly corresponds with your ledger?—Yes.

1629. Can you make out from your ledger the account previous to that pass-book?—Yes, certainly.

Sir *C. Price.*—This is a copy of Rapallo's account with us; this is copied from our ledger (*producing the same*). We considered that in part settlement of Solari's account, for Rapallo kept his account at Robarts's.

1630. What was the date of your first transaction with Rapallo?—Mr. *Price.* The first transaction was on the 13th of May, 1841, 2000*l.*; then on the 8th of July, 1000*l.*; then on the 31st of July, 20,000*l.*; then August the 3rd, 5000*l.*; and August 31st, 21,000*l.*

1631. No part of the two last sums has been repaid?—No; that would expire on the 31st of October. This is an exact copy of our ledger.

1632. No repayment appears to have been made by Rapallo?—No.

Sir *C. Price.*—We looked upon this, though in the name of Rapallo, to be a settlement of Solari's affairs, for we knew that he kept his account at Robarts's.

1633. *To* Mr. *Price.*—Did you examine the figures of those accounts you have produced yourself with your books?—I did (*The same were delivered in.*)

[*The Witnesses withdrew.*]

A letter, dated 24th October, 1841, signed "James Capel," addressed to Lord Monteagle, was read.

A letter, dated 29th October, 1841, signed "Monteagle," addressed to James Capel, Esq., was read.

James Capel, Esq., sworn and examined.

James Capel, Esq.

1634. Have you the counterpart receipts for certain Exchequer Bills which have been detained at the Exchequer Bill-office?—No, I have not the receipts of the 51,000*l.* Exchequer Bills against which my name appears; 39,000*l.* belong to Messrs. Coutts, and the remainder I have received value for; 8000*l.* from the Bank of England, and the remaining 4000*l.* from Messrs. Currie's. I returned them to William Scott and Sons, of whom I bought them, and have received the money from them.

1635. The Commissioners will be happy to hear any account of the Exchequer Bills which have passed through your hands.—Bills to the amount of 39,000*l.*, numbered 6414, 6424, 6425, 6426, 6427, 6428, 6429, 6430, 6431, 6432, 6446, 6447, 6448, 6449, 6450, 6451, 6452, 6453, 6454, 6455, 6456, 6457, 6458, 6459, 6465, 6466, 6467, 6468, 6469, 6470, 6471, 6472, 6473, 6489, 6490, 6491, 6492, 7094, and 7095, were received of Messrs. Coutts for the purpose of examination at the Exchequer Bill-office; upon my giving them information that there were various rumours afloat that duplicate bills were in circulation, and I had heard in the city from a party who was sent by Mr. Morgan that my friends Messrs. Coutts and Co. had made an advance to him upon some of the said bills; I had reason also to suppose that part of the bills I had bought in the market were also duplicate numbers, and I mentioned my wish that the whole of those I purchased on the 23d of October should be examined, and that they had better also have those deposited with them by Mr. Morgan examined, upon which they gave me 40,000*l.*, one of which agreed with the counterfoil, the other 39 were detained by Lord Monteagle as not agreeing with the counterfoils. Of the 51,000*l.*, 39,000*l.* were returned to me as agreeing with their counterfoils, and 12,000*l.* detained as not agreeing. The bills detained by Lord Monteagle, viz., the 39,000*l.* and the 12,000*l.*, were marked by me with my initials; the 12,000*l.* were bought of William Scott and Co.; 8000*l.* he delivered on the 23d of October, viz., Nos. 8278, 8279, 8280, 8281, 8282, 8374, 8375, 8376, and the remaining four on the 26th of October, viz., Nos. 8446, 7063, 7064, and 7057. I have received of William Scott and Son, in good Exchequer Bills and money, full value for the 12,000*l.* Exchequer Bills bought of them.

1636. Will you look at the Exchequer Bills now produced to you, and state whether they are the bills to which you refer?—(*The Witness examined them.*)—Yes, those are my initials at the backs of them.

1637. You have no pecuniary interest in any of the bills?—Not the least.

1638. You are understood to state that you purchased the 12,000*l.* Exchequer Bills on the 23d of October?—Yes, I received from Messrs. Coutts an order to sell a large quantity of New 3½ per cent. stock, and to invest the proceeds in Exchequer Bills for Mr. Mitchell Innes. We bought 51,000*l.* Exchequer Bills, but the parties were not able that day to deliver more than 41,000*l.*

1639. Did you purchase them in the Stock Exchange?—Yes; I have the notes of the purchases.

The same were read as follows:—

Examinations.

James Capel, Esq.
17th May, 1842.

" Sold Messrs. Jas. Capel and Co.

6024, 3391, 807, —8, —9, 810	6 | 1000	265, 1830, 1503, 1831, —2, 2600, 2789, 457, 1601, 1821	10 | 500	16 June .	11,000	0	0
				129 at 2¼ .	133	0	7
391, 8278, 809, —1, —2, 8374, —5, —6	9 | 1000	1663, —4	2 | 500	15 March .	10,200	0	0
				222 at 2¼ .	212	5	9
		1931, —2	2 | 100				
				15,000 p. 11 . .	82	10	0
				6,200 p. 12 . .	37	4	0
					21,665	0	4

W. Scott and Son, 23 October, 1841."

" 26th October, 1841.

" Sold Messrs. James Capel and Co., *Interest to 23d Instant*—

8446	1 | 1000	Ex. Bill, 15 March . . .	1,000	0	0
		222 days at 2¼ . .	20	16	3
2910, 3577, —8, 3615, 6286, 7057, —63, —4	8 | 1000	Ditto 16 June	9,000	0	0
		129 days	108	16	10
		Pm. 12*s*.	60	0	0
			10,189	13	2
1834, 2620	2 | 500				

For William Scott and Son.
S. TUNKIRN."

1640. How were those paid for?—This (*producing it*) is my cheque on Glyn and Co. for 21,465*l*. 0*s*. 4*d*., that included those eight bills.

The same was read as follows :—

" *No.* —, *London, 23d October,* 1841.

" *Messrs. Glyn, Hallifax, Mills, and Co.*

" *Pay Messrs. William Scott and Son, or Bearer, Twenty-one thousand four hundred and sixty-five pounds, fourpence.*

" £21,465 0*s*. 4*d*. *JAMES CAPEL and Co.*"

Mr. *Capel*.—On the 23rd of October I agreed for the purchase of four other bills, part of a larger transaction with the same parties, William Scott and Sons; they were delivered on the 26th, they were paid by this draft (*producing the same,*) on Glyn and Company, on the 26th of October, for 13,189*l*. 15*s*. 4*d*., including other transactions with this purchase.

The same was read as follows :—

" *No.* . . . . . *London, 26th October,* 1841.

Messrs. Glyn, Hallifax, Mills, and Co.

Pay Mr. Wm. Scott . . . . . *or Bearer*

Thirteen thousand one hundred and eighty-nine P. 15*s*. 4*d*.

£13,189. 15*s*. 4*d*. *JAMES CAPEL and Co.*

Examinations.

James Capel, Esq.
17th May, 1842.

1641. What became of the 8000*l.*?—They were also for Mr. Mitchell Innes; they were part of the 51,000*l.*, and deposited at Messrs. Coutts's, and the 4000*l.* also when received; the whole parcel were bought for him. I had in my possession 39,000*l.* good bills, as well as the 39,000*l.* bad ones.

1642. The 39,000*l.*—good—were they also on account of Mr. Mitchell Innes?—Yes.

1643. Were they purchased of the same party?—They were purchased partly of one party and partly of another; 27,000*l.* were bought altogether of Messrs. William Scott and Company, of which 12,000*l.* were good; in fact, there were 31,200*l.* bought of Scott and Company, and only 12 proved bad out of them, part being for another party; there were only 12 which did not agree with the counterfoils.

1644. Are William Scott and Company regular Exchequer Bill dealers?—Yes.

1645. Are they in the Stock Exchange?—Yes, their counting-house is in Threadneedle-street.

1646. Are they also stock brokers?—They are dealers in Exchequer Bills, and, I believe, also brokers. I have copies of letters, which I have written on the subject of the 12,000*l.* bills, to Messrs. Scott and Sons and to Messrs. Coutts, requesting them to allow the 8000*l.* to stand over.

The following letters were compared with the letter book of the witness, and were read:—

"29th October, 1841.

"Messrs. William Scott and Son.

"GENTLEMEN,

"ON the 23rd inst. we purchased of you 8000*l.* Exchequer Bills (part of a larger sum) numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, 8376, 8 [1000, dated 15th March, 1841, and which bills Lord Monteagle informs us do not agree with the counterparts; we therefore require you to return us the money which we paid for the same or other bills of the like amount which are perfect."

"4th November, 1841.

"Messrs. Coutts and Co.

"SIRS,

"WE have to address you upon the subject of the purchase of 51,000*l.* Exchequer Bills, made by Mr. Mitchell Innes, on the 23rd ultimo. Under existing circumstances, we thought it advisable to have the whole of the bills examined at the Exchequer Bill Office; 12,000*l.* of them proved not to agree with their counterfoils, and the Comptroller-General of the Exchequer, (Lord Monteagle,) has by direction of the Chancellor of the Exchequer detained them, granting a receipt for them, the remaining 39,000*l.* were returned as correct. We herewith send you 4000*l.*, Exchequer Bills of the same date as those said to be incorrect, the claim for the remaining 8000*l.* is upon the Bank of England, who admit their liability to indemnify the proprietor of these bills if they should prove otherwise than good, but they say for the interest of all parties concerned, particularly the innocent holders of these Exchequer Bills said by the Government not to agree with their counterfoils, they wish the claim upon them for the present to be allowed to remain in abeyance. The Bank say if they pay the money back for these bills immediately, it will be tantamount to their admission to these bills being forgeries, (which they will not admit for one moment), and thus give their sanction (as that of a great public body) to the Government, in their resistance of the payment of the bills in question. We trust you will agree with us in opinion that it was expedient to allow the claim to stand over upon the ground alleged."

"16th December, 1841.

"Messrs. William Scott and Son.

"SIRS,

"THE Exchequer Bills numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, and 8376, eight 1000*l.* dated 15th March, 1841, being part of those which Mr. Smith has declared to be forgeries, we now require you to exchange them for other bills of a like amount and date stamped as genuine by the Exchequer Bill Office."

1647. Was anything done by Messrs. Scott in consequence of your letter to them?—Yes; in consequence of that letter we received 8000*l.* genuine bills in lieu of ours, giving them the certificate we received from Lord Monteagle.

1648. What was done in respect to the 4000*l.*?—We received our money back and bought other bills with it.

1649. So that neither you nor your principal have any interest in those Exchequer Bills?—Not the least.

1650. Are William Scott and Company an old established firm?—The father has been in the house many years, I should think 30 years, a very respectable man and a man of very good property.

1651. He is a man of whom you have frequently dealt?—Yes; constantly.

1652. The Committee of the Stock Exchange had nothing to do with the repayment to you?—No, it became unnecessary; we should have resorted to the Committee if it had been necessary.

1653. On the day on which you were the purchaser of those bills, namely, the 23rd of October, were there not rumours respecting fraudulent Exchequer Bills being in the market?—I think I had heard that there were duplicate numbers about, but the reports were very vague.

1654. Did those rumours lead you to make particular observations on those bills?—No.

1655. You have been conversant with Exchequer Bills, was there anything in their appearance which excited your attention?—No; I took up 91 Exchequer Bills to be examined; there were 40 appeared to be good and 51 to be bad. It appeared to me that they could not select those which were bad but by the counterfoils. I was present at that examination.

1656. Was the premium paid on those bills the regular premium at the time?—Yes; the market-price.

1657. Supposing a person had 10,000*l.* Exchequer Bills and wanted 10,000*l.* for a month, would it be more advantageous for him to borrow 10,000*l.* at five per cent. for that month by depositing the bills than to sell the bills and take the chance of buying them again?—That would depend entirely upon the fluctuation of the market.

1658. Supposing the market to remain the same, would the charge on the transaction amount to the interest at five per cent.?—There would be a shilling per cent. in selling them and a shilling per cent. in buying them again; then there is the chance of the market.

1659. Is there not also the turn of the market the jobbers' profit?—Yes; but there is the chance whether he makes it or not. Yesterday morning, I had a large order to buy Exchequer Bills, the price was from 39*s.* to 41*s.*, they would have taken of me 25,000*l.* bills at 39*s.*, or they would take the turn of the market and sell me the bills at 41*s.*, then the market might change so that he might be compelled to buy them back at the same price or even at a loss. Supposing the prices of Exchequer Bills remained the same for the month you would sell your bills at 39*s.*, pay the commission and buy again at 41*s.*; there would be 4*s.* per cent. paid. We wanted money to-day and could not obtain it in the Stock Exchange at all, money has been at such a rate that I have been obliged to go to the Bank of England and borrow 45,000*l.* on Exchequer Bills at four per cent. As high a rate as 10 per cent. has been given to-day at the Stock Exchange on consols, and yesterday I lent money myself at three per cent.

1660. Are all the members of the Stock Exchange brokers?—No; there are two distinct classes, some are brokers and some are jobbers, some mix the two characters together.

1661. Are the jobbers dealers by commission in the same manner as the brokers?—I believe some of them take commissions; but in their jobbing transactions they do not take commissions. I believe some act as brokers,

1662. In strictness is any person entitled to charge commission as a broker unless he is a sworn broker?—I believe that the City have contested that matter and have recovered penalties in some cases. Some of them contend that there being no such persons as stock brokers when the Charter was granted, they have no right to enforce the penalties against them.

1663. Has it fallen under your own observation to see within the last six or eight months money lent on so good security as Exchequer Bills at an interest as high as seven per cent.?—If it was I should think it must have been for two or three days; I know that in October, at the time these transactions occurred, money was worth five per cent.

1664. Taken as a loan for a week, should you think that seven per cent. would be obtained on a loan on the security of Exchequer Bills?—No; but they have borrowed money to-day on consols till Friday at 10 per cent.

1665. In October last was the rate of interest on Exchequer Bills and good securities as high as seven per cent.?—It must have been prior to the payment of the dividends if it was so. On the 16th of October I borrowed 20,000*l.* myself, at five per cent., on Exchequer Bills.

1666. For what period?—That is a matter of recollection, but I think for a few days; but it would not have been an extraordinary thing if it had been for a longer period in the state of the money market at that time.

1667. Is it the habit of any of your clients to lend out money on the deposit of Exchequer Bills?—Both ways; I am at the present moment standing between parties to the extent of 150,000*l.* on Exchequer Bills.

1668. In those circumstances, if the period of the exchange of the bills at the Exchequer comes round while the loan is current, by whom are the bills generally taken up to be exchanged?—That must be matter of arrangement; the lender is entitled to have marketable bills, and if he comes to the borrower and says these bills are advertised, you must give me others; he is bound to do so. The lender of the money is not bound to exchange them unless it is with his perfect concurrence, and as a matter of course he would be entitled to have bills not advertised as a security, for by the contract he is entitled to a marketable security at the time, unless there is an arrangement to the contrary. I have a loan with the East India Company; if an exchange comes round, I must make a request to them to exchange them for me; it is not done as a matter of course.

1669. You would not take up bills, if you were the depository of such bills, without previous communication with the party, if you had no arrangement?—I think we should, unless there was a risk of the bills going below par.

1670. If bills had been deposited as a security in your hands, would you take them up without previous communication?—If I saw plainly that I should not want the money I might, but we should never do that without communication, for this reason, that seeing each other daily, we should say to the party—Will you have your bills exchanged? But if the party was on the continent, out of the way of communication, I think we should exchange them as a matter of course, but it is always a matter of arrangement between parties. At the Bank of England, if you borrow money of them, they will exchange the bills; it is done as a convenience to the borrower, but it must be as matter of arrangement.

1671. How is it a convenience to the borrower?—He gets the new bills again, the lender locks up the security, and the borrower has the money the whole time, while the lender has the bills locked up during the transaction in the Exchequer. The lender may say I must have a security at all times convertible; I will not have my securities locked up in the Exchequer for eight or ten days.

[*The Witness withdrew.*]

Adjourned till Thursday next, at 11 *o'Clock.*

Examinations.

19th May, 1842.

THURSDAY, 19th May, 1842.

The EARL of DEVON in the Chair.

Mr. *George Edward Cooper* sworn and examined.

Mr. Geo. E. Cooper.

1672. Did that Exchequer Bill, No. 8284, now shown to you, pass through your hands?—I can judge only from the number and date. I see no mark upon it, but I have no doubt that was the bill.

1673. From whom did you receive it?—From Mr. MacRae.

1674. What is Mr. MacRae?—He is a broker on the Stock Exchange.

1675. The firm of your house is Cooper and Co.?—Yes, I am in partnership with Mr. Joseph James Moore; the firm is Cooper and Co.

1676. Was it through the hands of your house this bill passed?—Yes; on the 15th of April, 1841, I purchased of Mr. MacRae, No. 8284, of the 15th of March, at 12*s.* premium, and gave him a 500*l.* Exchequer Bill. This is the note of sale (*producing it.*)

The same was read as follows:—

" Sold to Cooper and Co. 15th April, 1841.
" No. 8284.

	£.	s.	d.
" 1 | 1000 Ex. 15th March, 31, 12	1,002	18	1
	6	0	0
	1,008	18	1
	504	14	1
" C. and J. H. MACRAE."	504	4	0"

I paid Mr. MacRae the balance of 504*l.* 4*s.* by cheque on Messrs. Jones Loyd and Co.,

1677. Have you that cheque?—I have not; we have destroyed the vouchers, merely keeping the pass-book. I have referred to Messrs. Jones Loyd and Co., who tell me they paid that cheque by a note, No. 86,857, of the 2nd of March, 1841, and the balance in cash. This is my pass-book (*producing it*).

(*The entry was inspected by the Commissioners.*)

1678. Was the cheque destroyed in the usual course of business?—Yes; we kept it for two or three months.

1679. What was the date of the cheque?—The 15th of April.

1680. Will you proceed to state the circumstances relating to this bill?—Subsequently this bill had passed from me to Messrs. Knight and Co., by whom I believe it was sold to Mr. Browne.

1681. Will you state the circumstances under which it passed from you to Knight and Co.?—We sold it in the ordinary way of business.

1682. Is that your account? (*the account produced by Mr. Knight being shown to the Witness*).—It is; it appears by that that we sold it to them on the 17th of April.

1683. Will you proceed to state what afterwards occurred?—This bill being impounded, I believe, at the Exchequer Bill Office, it was traced back to my possession, and a demand made upon me for another Exchequer Bill in lieu of it.

1684. Were you aware till that demand was made that the bill had been detained?—From general rumour there was a general tracing of all those things which had passed through our hands.

1685. How long before the demand made upon you had you heard the rumour?—Some considerable time; the demand, I believe, was not made till subsequently to an action brought by the Bank of England against Mr. Tomkins.

1686. Can you give the number of the Exchequer Bill you gave in lieu of it?—I can; No. 342, dated the 14th of March; I delivered it on the 16th of March, 1842.

1687. To whom did you give it?—I delivered it to Messrs. Charles and Thomas Brown on account of Messrs. Knight.

1688. Had the matter previously been inquired into by the Committee of the Stock Exchange?—Reference had been made to the Committee by Messrs. Cole.

1689. Are you a member of the Stock Exchange?—I am.

1690. Did you attend before the Committee?—I did.

1691. They enquired into the case?—They did in their general way. Subject to their decision, I passed this bill to Messrs. Knight. As a member of the Stock Exchange I am bound by their regulations.

1692. Was that decision intimated to you verbally, or in writing?—Verbally.

1693. What was the general effect of their decision?—That I should deliver another bill.

1694. Was anything expressed as to your conduct in the transaction in any way whatever?—Not that I am aware of.

Examinations.

Mr. Geo. E. Cooper. 19th May, 1842.

1695. A representation had been made by Mr. Cole to the Committee?—Yes, not against me, but against Messrs. Brown.

1696. You heard of the bill being detained, you think, shortly after the detention took place?—The general examination. I remember Messrs. Cole saying that the bill they had purchased of Mr. Brown had been impounded; there was some little delay before any intimation was given from the Exchequer Bill Office; but, as soon as it was known, they referred to the bill, and it was returned to us.

1697. The information came to you in the ordinary course?—Yes, without any delay; the receipt which had been delivered from the Exchequer Bill Office was handed from hand to hand. I handed it on to Mr. MacRae. I do not know whether it is material to mention that we paid Messrs. Knight and Co. 34*l.* 2*s.* 6*d.*, which was the difference of interest, 364 days at 2¼*d.* a day, being the interest they would have received if the bill had been genuine.

1698. Is Mr. MacRae a member of the Stock Exchange?—Yes.

1699. He is a broker?—Yes, we are dealers in Exchequer Bills; that is our principal business.

1700. Are you dealers in Exchequer Bills exclusively?—Dealings in Exchequer Bills and India Bonds form our principal business.

1701. You buy and sell at two prices, with, generally, 2*s.* difference?—Since the dealings in Exchequer Bills have become so limited, we make a difference; the ordinary case is making a difference in price of 2*s.*; it is open to a dealer to ask an intermediate price, which he often does.

1702. What you call the difference depends upon the state of the market?—Yes, the marke is influenced by the preponderance of purchasers or sales; if the sales preponderate, we are obliged to be holders of these bills for a long time, and I have been in that case for a twelvemonth together. At other times the demand is so great that we are not able to supply it, and then we have to apply to other parties to get possession of them.

[*The Witness withdrew.*]

Mr. *Charles MacRae,* sworn and examined.

Mr. Chas. MacRae.

1703. You are a stock broker?—I am.

1704. Did you act, in October last, as broker for Major Anderson?—I first acted for him in April, 1841. I sold an Exchequer Bill for him in April, 1841.

1705. What was the number of that bill?—8,284, dated 15th March, 1841, for 1000*l.*

1706. To whom did you sell that?—To Cooper and Co.; that is, Messrs. Cooper and Moore, who are Exchequer Bill dealers in the Stock Exchange.

1707. From whom did you receive the bill?—From Major James Anderson personally.

1708. In what manner was that bill paid for?—It was paid for by Mr. Cooper's cheque on Jones Loyd and Co., for which we received bank-notes, and handed the identical bank-notes to Major Anderson personally within an hour of the transaction. He had no banker.

1709. Is this your note of that transaction (*the note produced by Mr. Cooper being shown to the Witness*)?—That is my brother's handwriting.

Mr. *Ivie Hare MacRae* sworn and examined.

Mr. I. H. MacRae.

1710. Do you act as assistant to your brother?—We are in partnership.

1711. Is the note now put into your hands a note of a transfer of an Exchequer Bill belonging to Major Anderson to Mr. Cole?—Yes; that is my signature.

Mr. *C. MacRae.*—I ought to state that Major Anderson wanted only 500*l.*, and he requested us to sell the 1000*l.* bill, and to get a 500*l.* Exchequer Bill, and we got the 500*l.* bill in exchange, which we delivered to him. With respect to this bill, nothing occurred that I can recollect until the month of November (I forget the precise day), when we received an application from Messrs. Cooper and Co., stating that we had delivered them a forged bill, and requiring us to obtain them a new one. I went up to the Major's lodging in Piccadilly: he has no house in town. I found he was in the Isle of Man. I wrote to him, and he came up immediately; and he consulted his solicitors, Messrs. Steward and Bell, and they gave us a formal letter saying it was true that we had sold a bill of such a number and such a date, on such a day, but that we sold it not believing it to be a bad bill, and requiring it to be proved otherwise. It stood a considerable time in that way, till the Committee of the Stock Exchange, about a month ago, decided that we must give a good bill to Cooper and Co., and we did so.

1712. Have you the number of that bill?—I have not the number. It is quite a recent transaction giving that new bill.

1713. You are a member of the Stock Exchange?—I am.

1714. Was the resolution of the Stock Exchange communicated to you verbally or in writing?—Verbally.

1715. Do you recollect the general effect of it?—It was that we must deliver a new bill. They adjudged that the bill we had delivered was a forged bill, and that we must deliver another.

1716. No opinion was expressed, one way or the other, on your conduct in the transaction?—There was no imputation whatever. We should have been glad to have done so at first, but Major Anderson had a large stake.

Examinations.

Mr. I. H. MacRae.

19th May, 1842.

1717. Do you recollect the amount of Mr. Cooper's check?—504*l.* 4*s.* We paid Major Anderson cash 503*l.* 19*s.*, and we delivered to him a 500*l.* Exchequer Bill.

1718. Does Major Anderson generally reside in the Isle of Man?—No; I was informed he had a brother living there, and had gone to visit him.

1719. Where did he reside when you first received this bill from him?—He had lodgings at No. 226, Piccadilly. I was introduced to him by Mr. James Walker, the engineer, in Great George Street.

1720. Had you any previous dealings with Major Anderson?—Never; but he was in the custom of coming to my counting-house at that time by reason of a transaction. I managed a transfer of some stock by Mr. Walker, who was the trustee of his late wife; and I being Mr. Walker's stockbroker, made the transfer of that stock, and that brought Major Anderson to my counting-house several times. I had known him several years, having met him at Mr. Walker's house, but that was the first transaction I ever managed for him, and the only one in fact.

1721. Who has got the certificate or receipt of the Government respecting this bill?—Major Anderson has got it.

1722. You believe him to be the owner of this bill?—I have no doubt about it.

1723. Did you ever hear from him from whom he had got it?—He told me he had got it from Messrs. Morgan. William and James Morgan, I think, is the firm: they have a counting-house in Pope's Head Alley.

1724. Did he state any other circumstances?—He told me he had lent them altogether 15,000*l.* at 4½ per cent. for six months, and received Exchequer Bills as a security.

1725. And that this was one of them?—Yes; but at the time he authorised me to sell that bill he did not tell me of that transaction. I considered that he was the proprietor of it; but at that time he requested me to take a note that he was the holder of such and such bills, and to give him notice to send them in in proper time: that was all I knew about them at that time.

1726. Have you any other knowledge of Major Anderson's dealings or transactions than that you have stated?—That is the only dealing I have had with him. I have been accustomed to meet him for seven or eight years at the house of Mr. Walker.

1727. Is he a Major in the army?—No; I think he is a Major in the militia. I have no knowledge of the fact; he is known by the appellation of Major Anderson; all his connections know him by that name. I ought to state that, in my counting-house, about a month or six weeks ago, there was a gentleman from Glasgow (Mr. James Lumsden, a bookseller), and while he was there Major Anderson came in. After Major Anderson went out, I told Mr. Lumsden, as matter of conversation, that that was a gentleman who was a large holder of Exchequer Bills; and I told him it was Major Anderson. He said, "He drew the money out of our Bank;" and he mentioned the Clydesdale Bank. Mr. Lumsden is a director of that Bank. This is the book in which the original transaction was entered (*producing the same*).

The entry was read as follows:—

"Sold, for Major Anderson, to Cooper and Co., Exchequer Bill No. 8284, of 15th of March last, 1000*l.*, 12*s.* premium	£1006	0	0
Interest, 31 days	2	18	1
	£1008	18	1
Bought for him Bill 1530, 15th March, 500*l.*, 13*s.* premium	£503	5	0
Interest, 15 days	1	9	1
	£504	14	1"

Mr. *C. MacRae.*—This is our cash-book (*producing the same*).

The entry was read as follows:—

"April 15. Major Anderson, Cooper, Exchequer . .	£503	19	0
By Commission	0	5	0

The contra side:—

"Major Anderson, proceeds of Exchequer . . .	£503	19	0"

1728. Do you recollect at what date the bill was put into your hands by Major Anderson, prior to your sale to Cooper?—It was done all within half an hour. He brought it at about eleven or twelve o'clock in the morning, and it was all done within half an hour. We delivered it to Cooper, and got the bank-notes, and it was all done immediately.

[*The Witnesses withdrew.*]

The Memorial of Major James Anderson, of No. 226, Piccadilly, to the Lords of the Treasury, dated 31st December, 1841, and the Correspondence thereon, were read.

Examinations.

19th May, 1842.

Major *James Anderson* sworn and examined.

Major J. Anderson.

1729. Are you a major in the army?—In the East Essex regiment of militia; the regular militia of the county.

1730. In the memorial the Commissioners have before them you are described as a magistrate?—Yes, of Essex and Middlesex, and a deputy-lieutenant for Essex.

1731. Will you detail to the Commissioners the transaction you had, by which you appear to be the possessor of certain Exchequer Bills which appear against your name?—On the 27th of March last year I was in the City, when I saw Mr. John William Cook, who was the manager of the house of William and Thomas Morgan. I never had any transaction with him before; this was the first and the only one. Perhaps I may explain how I came to know him. My late friend and connection, Mr. Richard Wilson of Lincoln's Inn Fields, whose cousin I married, I was on very intimate terms with, and visited him at Craven Cottage, and in Lincoln's Inn Fields, and in Suffolk; he said sometimes, "Major, will you take a drive with me into the City;" and I used to go into the City with him; and I occasionally went with him to Morgans' office, to call on Cook. I frequently went to the Bank of England with him: he held a power of attorney, and managed Mr. Wilson's money transactions. This was from 1825 up to 1832, about seven years. I was in the habit of seeing him very frequently, accompanying Mr. Wilson into the City. I never had any transaction with Mr. Cook, but I knew that he possessed Mr. Wilson's most unbounded confidence; and when Mr. Wilson died in 1834, Messrs. Bell and Steward, his successors in business in Lincoln's Inn Fields, and my solicitors, continued to have the same confidence in Cook as Mr. Wilson had had, which continued up to the very day this exposure of the fraud took place. I consequently had every reason to believe that he was not only a respectable but trustworthy person. On the 27th of March I was in the City, and met Cook. I think the words he used were, "Major, as you are a capitalist"—he was pleased to say so—"have you any money at present unemployed?"

1732. He began the conversation?—I will not be positive whether I might ask in what state the money market was; but he gave me to understand that he could borrow money from me on the security of Exchequer Bills. I asked at what rate of interest; and he said 4½ per cent. I replied, "Can you have Exchequer Bills for that for what period?" He hesitated for a moment, and said, "For six months." I had at that time 15,000*l.* lying in the Clydesdale Bank at Glasgow, at the interest of 4 per cent. I had 23,000*l.*, but had just lent 8000*l.* on mortgage in Scotland. This sum had been in their hands for a very considerable period at that interest. Finding I could get a half per cent. more, and on Government security, I wrote to Mr. Henry Brock, the manager of the Clydesdale Bank, that I should thank him to send me an order on London for my 15,000*l.*, and the six months' interest which would be due on the 10th of April; on which day I received the amount in bank-notes from Messrs. Barnet, Hoare, and Co., the agents to the Clydesdale Bank. These are the numbers of the notes they paid me for the 15,000*l.*, with the 300*l.* for the interest at 4 per cent.:—Nos. 2012, 2013, 17,989, 17,990, 17,991, 17,992, 16,077, 16,078, 16,079, 16,080, 16,081, 16,082, 16,083, 18,229, 18,230, for 1000*l.* each, dated the 1st of January, 1841; and No. 41,002, for 200*l.*, of the 4th of January, 1841; and No. 10,515, for 100*l.*, of the 5th February, 1841.

1733. That is a note recently received from Messrs. Barnett and Co.?—Yes.

1734. Looking to that note, do you believe those are the numbers of the notes you received?—I cannot say positively, but I have no doubt that those are the numbers. I received from Mr. Cook 15 Exchequer Bills, with an envelope round them, which has Cook's writing upon it (*producing the same*). I have with me the numbers of the bills. I had this memorandum from Cook with the bills.

The same was read as follows:—

"Lent for Major James Anderson the sum of 15,000*l.*, on the security of 15,000*l.* Exchequer Bills, at 4½ per cent., till 10th October, 1841.

"J. W. Cook,
"3 Pope's Head Alley."

"10th April, 1841."

1735. Will you state the numbers of the bills you so received?—5880, 5881, 5882, 5883, 5884, 5885, 5886, 5887, 5888, 5966, 5818, 5817, 5799, 5798, all dated the 17th June, 1840; and one bill, 8284, dated the 15th of March, 1841, making 15 bills of 1000*l.* each.

1736. In whose handwriting is that envelope?—In Mr. Cook's.

The same was read as follows:—

"15,000*l.* Exchequer Bills,
Major James Anderson,
10th April, 1841."

Major *Anderson*.—It has been rumoured that we were directed to hold those identical bills, and return them when the money was returned. I have not the most distant recollection of any such terms being imposed upon me; and to show the contrary, on the 15th of April, five days after I received these bills, I was in want of 500*l.*, and I went to my stockbrokers,

Examinations.

Major J. Anderson. 19th May, 1842.

Charles and Ivie MacRae, then of Tokenhouse Yard, now of 57, Moorgate Street, in the City, my own stockbrokers, and I gave Mr. MacRae the bill 8284 (a March bill) to sell, which he did publicly in the Stock Exchange; and this is his account of the sale (*producing the same*) for 500*l.* in money and 500*l.* Exchequer Bill. He sold it to Messrs. Cooper and Co.; that was sold at the premium of the day, 12*s.* per cent.

The account was read as follows:—

"15th April, 1841.

Sold for Major Anderson to Messrs. Cooper and Co.:

Exchequer Bill, No. 8284	£1000	0	0		
Prem., 12*s.* per cent.	6	0	0		
Interest from 15th March, 31 days, 2¼*d.* per diem	2	18	1	£1008	18 1

Bought for Major Anderson of Messrs. Cooper and Co.:

Exchequer Bill, No. 1530	£500	0	0		
Premium, 13*s.* per cent.	3	5	0		
Interest from 15th March	1	9	1		
Commission, 1*s.* per cent.	0	5	0	£504	19 1
Paid Major Anderson				£503	19 0

C. and I. H. MacRae,
28, Tokenhouse Yard,
Brokers."

1737. In what manner did Mr. MacRae pay you?—By a cheque on Glyn and Co., of 503*l.*, and the Exchequer Bill for the remainder. I got the notes from him; whether his clerk got the money for his cheque I cannot say. I wanted the money. I recollect that he drew a cheque in my favour. He might have sent and got it cashed for me, but I really cannot recollect.

1738. The 1000*l.* Exchequer Bill was handed over to Cooper?—Yes: he went out and returned, and said he had sold it to Cooper and Co., and had got a 500*l.* bill from them in part.

1739. What became of the other Exchequer Bills?—They remained in my possession.

1740. What did you do with those Exchequer Bills?—The next transaction was on the 27th of May. I was then going into Scotland on particular business, on the dissolution of Parliament to canvass a burgh, and I wanted some ready money; and as these 14 bills were all June bills, 1840, and were then advertised to be paid off or exchanged for new bills, which would not take place till the 10th or 12th of June, I called on Morgans on the 27th of May, 1841, and told them as I was shortly going to Scotland I should be in want of 500*l.* ready money; if they would give me 500*l.* and an Exchequer Bill for a similar amount, I would give them up one of these bills: this they agreed at once to do, and before I left the office it was transacted; they gave me a cheque on Jones Lloyd and Co., drawn by one of the Morgans, for the five hundred and odd pounds, and I delivered up one of those bills.

1741. What was the number of the bill you so left with them?—I am not sure that I can state that, but here are the numbers of the 13 remaining.

1742. You have got rid of two?—Yes; the remaining 13 were advertised to be paid off or exchanged. On the 27th of May I asked whether they would wish that I should take the 13 remaining bills to the Exchequer Bill Office to be exchanged myself, or whether they would prefer doing it. They replied that if I would call on a subsequent day, the 7th of June, they would then give me 13 bills of the March issue for the 13 I then held. I, on the 7th of June, called by appointment; they had the 13 bills ready for me, which they handed over to me. I returned them the 13 I held of the previous issue; this is the memorandum Mr. Cook gave me for the 500*l.*, but I received as part of the 1000*l.* a June bill; I was going off to Scotland the next morning.

The same was read as follows:—

"Left with J. W. Cook an Exchequer Bill for 500*l.*, dated 17th June, 1840, to be exchanged at the Exchequer Bill Office.

"J. W. Cook,
"No. 873. "3, Pope's Head Alley.
"7th June, 1841."

1743. You are understood to say that you had desired them to give you 500*l.* in money, and a 500*l.* Exchequer Bill?—Yes.

1744. How came you to do that, the object being to leave it behind you?—I did not want more cash, and the Exchequer Bill was paying interest; I thought the Exchequer Bill was the best.

1745. In point of fact you left with Mr. Cook that 500*l.* bill, and carried away the 13 new bills which they gave you?—I left 12 of them in the hands of Messrs. Bell and Steward in their strong chest, in a sealed parcel; one of them I took with me to Scotland; these are the numbers of the 13.

They are as follow :—

"8,388 8,395
8,389 8,396
8,390 8,397
8,391 8,398
8,392 8,399
8,393 8,400"
8,394

1746. When did you first hear anything which alarmed you?—I went to Scotland, and having done the business I went chiefly about, I made a little tour to the Highlands, and came to the Isle of Man to see a brother in my way back to Essex on my duties; while in the Isle of Man on the 16th of September last, feeling perfectly satisfied with the Government securities I held and the rate of interest I was receiving, I wrote to Mr. Cook to know whether the party who borrowed my money was willing to continue it on the same terms on the same security.

1747. It having been borrowed for six months?—Yes; and this is Mr. Cook's answer.

The same was read as follows :—

"My dear Sir,

"I have seen the party to-day who borrowed the money, and he is willing to take it for six months longer, say 10th April, 1842, at 4½ per cent. interest; to whom shall I pay the interest which becomes due on the 10th October?

"I am,
"Yours faithfully,
"J. W. Cook."
"3, Pope's Head Alley, 21st. Sept. 1841.

"*To Major J. Anderson.*"

1748. In that letter he does not state who the party was?—No; I never knew who the party was till I went to Bell and Steward, when the exposure took place. I wrote to Cook to say, in place of remitting me the interest, as I did not want money, and he held a 500*l.* Exchequer Bill of mine, would the same party receive the 500*l.* bill and the half-year's interest, and a further sum to make up another 1,000*l.* on the security of another Exchequer Bill, to which they agreed. On the 18th of October I sent up the balance to Cook, and they lent it on the 18th of October, that same day, on the security of an Exchequer Bill, No. 7,065. I desired he would let me know the number of the bill, but not to remit it, as I was coming to town in about a week, and to keep it for me till I came to town. About a week after in the reading-room at Douglas I saw the rumour of something extraordinary going on about Exchequer Bills; my solicitors, Messrs. Bell and Steward, wrote to me to say, they knowing my affairs, did not I feel somewhat alarmed at the rumour about Exchequer Bills; that they had heard some grounds that the party from whom I had received them was in some degree implicated; that they thought I had better come to town: they held them at that time in their chest for me. This is the bill given me by Cook; the number of the last bill he gave me, that was given in by Mr. Squire, of the house of Ransom and Co., in payment for scrip.

1749. You gave instructions for lending this 1,000*l.* on the security of another bill?—Yes.

1750. Had you any communication from Cook as to what he had done upon that?—No.

1751. Is what you have stated now only what you have learned since?—I was a very short time in the Isle of Man after the 26th of October. I arrived in London on the 5th November.

1752. Before that you had written to Cook to desire that he would lend another 1000*l.* on the 500*l.* Exchequer Bill, and other money; did he write you word that he would do that?—No; I did not hear from him till I came to town.

1753. After hearing from Bell and Steward you came to town?—I came up immediately, and went, accompanied by Mr. Alfred Bell, my solicitor, to Messrs. Morgan's office, on, I think, the 5th of November.

1754. Whom did you see there?—We saw the old Mr. Morgan, and a young man whom I did not know, whom I believed to be his son, and Mr. Cook; three of them came up to us. I demanded to know whether they were prepared to repay me on the return of the bills which I then held in my hand; they said they were not prepared, because they were merely the agents in the transaction between me and Mr. Ernest Rapallo, a name I never before heard; that he had received my money, and the bills I received were the bills of Mr. Rapallo.

1755. What passed then?—Nothing further than that I said there is an order given that all bills shall be sent in for examination; that I intended the next day to go to the Exchequer Bill Office with the bills to be examined; to which he said nothing. I then left him.

1756. Did he at that time give you any account or description of Rapallo?—Not at all; I never heard of the man before, and he did not tell me a word.

1757. What part did Cook take upon that occasion?—I have learnt that he is allowed to do business on his own account, though a clerk in their office, and that he had, in this transaction with me, received the commissions, though he was in the office of J. and W. Morgan. I have understood he is a managing clerk of theirs.

1758. When it appeared that you, an old friend, were in danger of losing your money, what part did he take?—He told me he hoped I would believe that he was perfectly innocent, that he knew nothing of the transactions; that he trusted my knowledge of him would prevent my

Examinations.

Major J. Anderson.

19th May, 1842.

suspecting him; that the late Mr. Wilson, and Sir Colin Halkett, and the Rev. Mr. Randolph, son of the late Bishop of London, and who married a daughter of Mr. Richard Wilson, all thought well of him. I said to him, "I understand that this Mr. Rapallo, a few years ago, was in a very subordinate situation of life with this Mr. Solari, and did not you suspect, when you were lending these sums of money, that there was something wrong?"—He replied, "Believe me, Major, I am quite innocent; I believed the bills were all good." In order to make sure, I went to the Exchequer Bill Office with the bills the next day, and got Lord Monteagle's receipt for the bills (*producing the same*).

1759. You claim to be the owner of these bills?—I do. Afterwards there was an order made by the Committee of the Stock Exchange, and a resolution passed, that all persons through whose hands this bill, No. 8,284, had passed, should give a genuine bill to the broker from whom he received it; this is the resolution of the Stock Exchange, and the account of the new bill purchased by my authority; that the broker should not be suspended; and here is the receipt for the bill I paid, 1,053*l.*, a month ago.

The same were read as follow:—

"Committee Room, Stock Exchange,
"Monday, March 17, 1842.

"At a meeting of the Committee for General Purposes, held this day,

"It was resolved,

"'That Mr. MacRae be required to give Messrs. Cooper and Co. another Exchequer Bill of the same amount in lieu of that impounded by Government.'

"By order of the Committee,
"James Van Sommer, Secretary, C.G.P."

"London, 57, Moorgate Street, near the Bank of England.
March 17, 1842.

Bought by order of and for account of Major James Anderson, of Messrs. Scott and Son, 1 | 1000*l.* Exchequer Bill, 14th March instant, No. 4829, at 31*s.* per cent. prem. .	£1,015	10	0
Int., 3 days at 2¼*d.* per cent.	0	5	7
Com. 1*s.* per cent.	0	10	0
	£1,016	5	7
Interest paid to Messrs. Cooper and Co. . . .	34	2	6
	£1,050	8	1
C. and I. H. MacRae, Brokers.			
Interest to 24th March	1	0	2
	£1,051	8	3

Settled 24th March, 1842.
C. and I. H. MacRae."

"Received of Messrs. C. and I. H. MacRae, an Exchequer Bill, No. 4829, dated 14th March, 1842, 1000*l.*, and interest 34*l.* 2*s.* 6*d.*, in lieu of No. 8284, dated 15th March, 1841, which bill has been detained by authority of the Lords of the Treasury.

"March 17, 1842." "Cooper and Co."

1760. In the result you bore the loss?—Yes, that came from Cole and Mullens, who purchased it for Smith, Payne, and Smith; there was not the least suspicion attached to the bill. Mr. Brown and Mr. Cooper, who are Exchequer Bill jobbers, said this bill passed through their hands without the least suspicion attaching to it; it was purchased by Cole and Mullins on account of Major Davies; he applied to the person he got it from to give him a good bill, and the Committee of the Stock Exchange passed a resolution as to every person through whose hands the bill had passed. I told Mr. MacRae that I felt, as a man of honour ought to do in such a case, I must bear him harmless, and he bought a new Exchequer Bill, and delivered it, and settled the transaction with those parties who had purchased it of him.

1761. In the course of your acquaintance with Cook did you have any transactions with the Morgans themselves?—Never; I did not even know them. I have seen them pass without speaking. Mr. Cook was a person in whom the late Mr. Wilson had confidence; he was a Northumberland man, and I thought wherever Mr. Wilson had confidence I could not do better than have confidence too.

1762. You had a family connection with Mr. Wilson?—I married his cousin.

1763. Will you look at the Exchequer Bills now produced, and state whether they are those which you had in your hands (*Nos.* 8388, 8389, 8390, 8391, 8392, 8393, 8394, 8395, 8396, 8397, 8398, 8399, 8400, 7065; *and* 8284; *of March*, 1841, *were shown to the Witness*)?—Yes; those are the 15 bills.

1764. Does the counterpart receipt now shown to you agree with your own?—It does.

1765. Have you taken any steps to recover the money?—I have not. They told me they were the mere agents of Rapallo, and Rapallo left the country. I wrote to the Lords of the Treasury, that any step they wished me to take I should be happy to take, if I could have done it successfully. I should have been happy to have done so if Rapallo had been here: I should have proceeded against him. I was at the Mansion-House on the final examination and committal of Rapallo, and made up my mind that if he escaped from that indictment, I should proceed against him. I am not a speculator; I never had a speculation in my life; I only entered in this transaction to get the half per cent. more.

1766. Have you been in the habit of laying out your money in Exchequer Bills?—I never had an Exchequer Bill before in my life.

1767. Can you state how long the money had been in the Clydesdale Bank?—The 23,000*l.* about two years. I had lent 8000*l.* to Mr. Marshall, of Stirlingshire, and there remained 15,000*l.*

1768. When did you receive that document you have put in from Mr. Cook, purporting to be an account of this transaction?—At the moment that he handed me the 15 bills.

1769. Is that his handwriting?—It is.

1770. Did any other document pass at the time?—No; it was at that time that he gave me the notes.

1771. The 15,000*l.* was paid in Bank-notes?—Yes.

1772. Was anybody present when that payment was made by you to Cook?—I believe not. Messrs. Morgan were in the office, but not attending to the transaction.

1773. The note as to the 500*l.* you received from Cook?—Yes.

1774. Is that also in his handwriting?—Yes.

1775. It was in May you stated that you called on Morgan and Co., when the conversation passed about the exchanges?—Yes; the 27th of May.

1776. Did the first mention of the exchanges come from you or from them?—From me.

1777. You have said that you asked whether they would wish you should take the 13 bills, to be exchanged or whether they would prefer taking them themselves?—I did.

1778. What was their precise answer?—Their answer was, that if I would call on a subsequent day they would give me 13 bills of the March issue. That was on the 7th of June. I left for Scotland on the 9th.

1779. You are understood to say you also left the bill of 500*l.* with them to be exchanged?—Yes.

1780. Was the same inquiry made by you with respect to that?—No; I left it with Cook till I had a further use for it, or demanded it.

1781. You got a new bill for that Exchequer Bill of 500*l.*?—That 500*l.* was kept by Cook till I was in the Isle of Man, and then there was a new loan made on the deposit of the bill No. 7065.

1782. That Exchequer Bill, No. 7065, never came into your possession?—No. When I came to town they gave me this paper:—"Mr. Squire, of Ransom's, 7065, with 15 others, had paid it in for scrip."

1783. Where did you get that paper?—I got it at Morgan's office. I asked where the bill was. They said they had paid it in to the Bank, through Ransoms, in payment for scrip. I asked them by what authority they had done so, as I had told them to keep it till I came to town. I said "In doing so you must either want to defraud me or to defraud the Government. If it was a good bill, why pay it in? If it was a bad one, how could you think of paying it in?" They said they had no doubt it was good, and when I came to town they would give me another for it.

1784. They did not say how it came to be given to Mr. Squire?—No.

1785. Had you told them to keep it back for you?—Yes, I had.

1786. You have no copy, probably, of that letter?—No, I have not.

1787. Previous to the 27th of May you had seen nothing of Morgans?—Nothing, until I lent them the money.

1788. Your original transaction was with Cook alone?—Yes; but Cook said, in lending the money, "We can lend for you on Government security," though in the memorandum he puts his own name as lending it. I did not, of course, inquire the name of the borrower, being satisfied with the Government security offered me, and being satisfied with the rate of interest I was getting, 4½ per cent.; a half per cent. less than the Bank of England was at the same time getting on the same securities.

1789. When you demanded the return of the money, did you demand it of Morgan, or from their client?—I asked whether they were prepared to return me the money. They said no, they were not; that they were mere agents between me and Mr. Ernest Rapallo, who had received my money.

1790. When they mentioned Rapallo, did they give you any further particulars?—No.

1791. Did you ask them for any further particulars?—No. Rapallo had been examined at the Mansion House several times before I came to London, and therefore his name was well known as implicated in this transaction.

1792. When was it you had the conversation to which you have last referred?—On the 8th of November I went to Messrs. Morgans, accompanied by Mr. Alfred Bell, my solicitor, taking with me the 13 Exchequer Bills, and demanded to know whether they were prepared to repay the money I lent them on my delivering up those bills I held as a security. They replied that they were not; that they were merely agents in the transaction between me and the borrower, Mr. Ernest Rapallo; that he had received my money; and that the bills I held were those of the said Rapallo.

1793. You said you did not at that time make any inquiries respecting Mr. Rapallo; when was it you asked them whether they did not entertain some suspicion?—That was after Rapallo was allowed to go abroad. I met Cook, and he said, "I hope, Major, notwithstanding all which has taken place, you have the same opinion of me as you had before?" Being an old connection of Mr. Wilson, I said, "Really, Mr. Cook, I should be glad to get rid of the impression; but having heard that Rapallo was a shoeblack of Solari's, I think your suspicion, or some one's suspicion, should have been excited."

1794. What was the effect of his answer to you at the time you first spoke to him about the bills?—That he believed the bills were perfectly good valid Exchequer Bills; that he had

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long had a character among the respectable classes in society, and trust ed he should still retain it.

1795. Did he then give you any information respecting Rapallo?—No; I mentioned to him that I understood he had been in a very subordinate situation to Solari. And he said that he was executor to Solari; that he understood he kept on Solari's business; that he was not at all aware of his having been in a subordinate situation.

1796. Before the 8th of November, Rapallo had been examined at the Mansion House?—The time when I was present was on the occasion of his being committed for trial.

1797. At the time of your interview with Cook at Messrs. Morgans, you did not know any thing about Rapallo?—I had never heard his name mentioned till that time.

1798. How long had you been residing in the Isle of Man?—From the 2nd or 3rd of September till November, with my brother, who was an officer in the army.

1799. Have you put in a memorandum of the numbers of the notes? From whom did you receive that?—From Mr. Cook.

1800. From whom did you receive that purporting to be a resolution of the Committee of the Stock Exchange?—From Mr. MacRae. He sent to me to say, that unless he delivered a good bill the next day, he should be suspended.

1801. You stated that you took no steps for recovery from Cook or Morgan, because you thought you could not proceed successfully; did you mean that they were not in circumstances which justified your expectation of recovering?—I had legal doubts whether, as they were mere agents, I could enforce the remedy. It is not said they borrowed of me, but borrowed for me.

1802. Did you take legal advice upon the subject?—No; I saw Mr. Maule, and said I should be ready to take any steps. If Rapallo had been in the country, I should very likely have proceeded.

1803. Have you any information now whether Messrs. Morgans or Cook would be able to repay if you proceeded against them?—Common report says that they would not be able.

[*The Witness withdrew.*]

Mr. *William Scott* sworn and examined.

Mr. Wm. Scott.

1804. You are of the firm of William Scott and Co.?—William Scott and Son.

1805. Are you stockbrokers and dealers in Exchequer Bills?—Yes.

1806. Will you look at the instruments purporting to be Exchequer Bills now shown to you, and state whether you have any recollection of having sold them to any parties?—(*The Witness inspected the same.*) In all probability I never saw the Exchequer Bills at all; I can answer by the corresponding numbers in my book.

1807. Have you any receipt from the Exchequer for bills?—I have not; it was delivered up to the Bank of England. That, No. 8278, I find we bought of Messrs. Cole and Co., to 8282, and 8374 to 8376; this is a duplicate note from Messrs. Cole and Co.; the original was given up at the trial of the Bank of England against Tomkins, and has been mislaid by Freshfield and Co. or Cole and Co.

1808. The remaining bills are 8446?—I find that number, that bill, I sold to Capel and Co. on the 26th of October.

1809. No. 7057?—Likewise that, dated the 16th of June.

1810. 7063?—Likewise.

1811. 7064?—Yes.

1812. Did you sell these bills at any time, and to whom?—I sold part of them on the 23rd of October to James Capel and Co., and part on the 26th of October. The bargain was all done on the 23rd of October, but not all delivered till the 26th.

1813. Had you at any time the Exchequer receipts for those bills in your possession?—It is possible; I was in Scotland at the time, and my son and partner may have had them in his possession; his name is James Nairn Scott. Other bills were substituted.

1814. From whom had you purchased those bills?—8000*l.* of them were bought on the 23rd of October from Cole and Mullins; the same day I sold them to James Capel and Co.; the 4000*l.* formed part of 5000*l.* which I bought of Mr. Adam Hilton, who sold them on account of Messrs. Currie; the others I am prepared to account for.

1815. When you sold the bills to James Capel and Co., in what manner did they pay for them?—I am not prepared to answer that further than the general custom of business is a cheque or bank-note. It is not entered in my book how they paid for them.

1816. Who are your bankers?—Robarts and Co.

1817. If it was by a cheque on that day, that will appear on your books?—Yes; but I regret that I have not brought that book with me.

1818. On whom would James Capel and Co. draw?—They draw both on Williams's and Glyn's.

1819. Do you remember receiving a sum of about thirteen or fourteen thousand pounds?—Yes, it is an every-day's occurrence. I see I sold them 10,000*l.* Exchequer Bills on the 26th of October, on which day it appears that I gave them 3000*l.* bank notes, which they probably wanted; they likewise owed me 1000*l.* 2*s.* 2*d.*; they are debited that, and I received a cheque from them for 14,189*l.* 13*s.* 2*d.* I had lent them 1000*l.* at the rate of 4 per cent. interest for one day.

1820. Will you look at these two cheques?—(*the cheques produced by Mr. Capel being shown to the Witness.*) I have no doubt of those being the correct cheques; there was 200*l.* received short of the 21,465*l.* 0*s.* 4*d.*, and that I received subsequently.

1821. Have you any means of stating whether you received a cheque on that day?—Yes; I received from them that day 21,465*l.* 0*s.* 4*d.*, and, on the second day, 13,189*l.* 13*s.* 2*d.*

1822. Did those cheques, or one of them, cover the payment for those Exchequer Bills?—They did.

1823. Have you any book with you which contains any memorandum or entry to that effect?—This book (*producing it*) contains the transaction. (*The account was inspected by the Commissioners.*) Probably they paid a separate cheque for that 1000*l.* which I lent them for one day, being a separate account.

1824. This transaction was managed by yourself?—We were both on the spot. The Bank of England acknowledged the transaction, as Messrs. Currie did. Whether the receipt passed through the hands of Messrs. Currie I cannot say. There was another 1000*l.* Exchequer Bill which I bought of Mr. Hilton.

1825. Did those bills come back to you afterwards?—Mr. Capel, I believe, on the Monday, sent them up to be examined at the Exchequer, when the suspicions became rife, and they were detained. He came down, and made a statement to me. He got an acknowledgment from Lord Monteagle, but it was for one sum, and the consequence was I could not get a settlement with Messrs. Currie and Co. Until we got the sum (I believe it amounted to 50,000*l.*) divided, I could not hand over the *quid pro quo*.

1826. In point of fact, Messrs. Cooper had taken up 51,000*l.*?—I believe so; 12,000*l.* of which came from me.

1827. When you bought those 8000*l.* of Cole and Mullins, how did you pay for them?—By 8000*l.* bank-notes, and a draft on Robarts and Co. for the balance, being given for the Bank of England. There is always a covenant. It is always understood that the operations of the Bank of England must be paid in bank-notes, for they do not go to the clearing-house.

1828. Did you keep any memorandum of the numbers of those notes?—I am very doubtful of that. We have recently adopted the system, since we got into troublesome times; but such is the bustle in which we conduct our business, that it was often neglected in our office previously. I can tell from whence we got them.

1829. You paid the balance by check?—Yes, which cheque I have got here, for 210*l.* 10*s.*, being the amount of the interest and premium.

The same was read as follows:—

"*No.* —. 15, *Lombard Street, London, 23rd Oct.*, 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis, & Co.*

"*Pay* 63 ————, *or Bearer, Two hundred and ten pounds, ten shillings.*

"£210 10*s.* "*Wm. Scott and Son.*"

1830. From whom did you get these 8000*l.* bills?—I got them from four different individuals, the numbers of all of which are capable of being proved, I have no doubt. I got five from Robert Field and Co., 1000*l.* from a Mr. Mathey, 1000*l.* from Wilkinson (I presume that is William and Norman Wilkinson), and 1000*l.* I drew out of my own bankers, Robarts and Company.

1831. With regard to the 4000*l.* which you bought with another 1000*l.*, how were those paid for?—Those were paid for by cheque, which I have brought with me, and also Mr. Hilton's note.

The same were read as follows:—

"London, 26th October, 1841.

"Sold to Mr. William Scott,

8455, 8446	2	1000 Ex. Bills, 15th March, 225 days	£2,042	3	9
7063, 7064, 7057	3	1000 do. 16th June, 1841, 132 ,,	3,037	2	6
		Premium, 10*s.*	25	0	0
			£5,104	6	3

"Adam Hilton."

"*No.* —. 15, *Lombard Street, London, 26th October*, 1841.

"*Messrs. Robarts, Curtis, Robarts, Curtis, & Co.*

"*Pay* 84 ————. *or Bearer, Five thousand one hundred and four pounds, six shillings and threepence.*

"£5,104 6*s.* 3*d.* "*Wm. Scott and Son.*"

1832. Have you a note from Messrs. Cole and Mullens?—I have a duplicate. The former note was lost at the trial at Guildhall.

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The same was read as follows:—

"*Duplicate.*

"London, 23rd October, 1841.

"Sold to Messrs. Scott and Son, Exchequer Bills,

Nos. 8278 to 8282	5 | 1000	Dated 15th March, 1841	. .	£8,000	0 0
		Interest, 222 days	. . .	166	10 0
8374 to 8376	3 | 1000	Premium, 11*s.* per cent.	. .	44	0 0
				£8,210	10 0

"COLE AND MULLENS."

1833. What was done with respect to the 8 bills after it was ascertained that they were not genuine?—I first had a communication with Mr. Cole; and I have a letter here which I received from Messrs. James Capel and Co.

The same was read as follows:—

"5, Throgmorton Street, 29th October, 1841.

"Messrs. Wm. Scott and Son.

"GENTLEMEN,

"ON the 23rd instant we purchased of you 8000*l.* Exchequer Bills (part of a larger sum), numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, and 8376: 8 | 1000*l.*, dated 15th March, 1841, and which bills, Lord Monteagle informs us, do not agree with the counterparts. We therefore require you to return us the money which we paid for the same, or other bills of the like amount, which are perfect.

"We are, Gentlemen,

"Your most obedient servants,

"JAMES CAPEL, NORBURY, TROTTER, & Co."

1834. Have you another letter about the 4000*l.*?—I cannot state positively whether I had or not. I went over and had personal communication with Messrs. Currie and Company. Mr. Hensley bought five, and I bought five; and we went over and were assured it was all right; that the securities had come from them. But whether I had a similar letter to that about the 4000*l.* I cannot say. In consequence of that letter we wrote to Messrs. Cole and Mullens.

The letter was read as follows:—

"29th October, 1841.

"To Messrs. Cole and Mullens.

"GENTLEMEN,

"ON the 23d inst. we purchased of you 8000*l.* Exchequer Bills, numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, and 8376, dated 15th March, 1841, and sold them to Messrs. Jas. Capel and Co., who inform us that the bills are found by Lord Monteagle not to agree with the counterparts, and require us either to return the money paid for them, or substitute perfect bills of the like amount. We require of you to return us the money we paid for the said Ex. bills, or else to substitute proper bills for them.

(Signed) "WM. SCOTT and Son."

Mr. *Scott.*—I had personal communication with Mr. James Capel and Mr. Cole, and with Mr. Marshall, the cashier of the Bank. In the first instance, a message was delivered to me by Mr. Cole, that the Bank would pay on the receipt of Lord Monteagle. There was some hesitation after that upon the subject; and we went over and saw Mr. Cotton, the Deputy-Governor, who said they had guaranteed the transaction, but were desirous of not taking any step then. We remained perfectly quiet till the month of December, when the transaction was closed by their substituting other bills.

1835. In the result you got 8000*l.* good Exchequer Bills from the Bank?—Yes.

1836. With regard to the 4000*l.*, what was the transaction?—With regard to the 4000*l.*, on the 2nd of November I received 4000*l.* bank-notes from Mr. Adam Hilton, and his draft for 104*l.* 6*s.* 3*d.*

1837. Who were his bankers?—Currie and Company.

1838. So that you have no interest yourself now in the bills in question?—Not the slightest.

1839. At what premium were the 8000*l.* and the 4000*l.* respectively purchased?—The 8000*l.* were bought of Cole and Co. at 11*s.* premium, the 4000*l.* at 10*s.* premium.

1840. Was that the current premium at the time in both instances?—It was.

1841. You have never had in your hands any receipt for those bills?—Never.

1842. But you think they probably came to your son's hands?—Probably so.

1843. You stated that you were concerned in a transaction as to another Exchequer Bill for 1000*l.* Will you state the circumstances of that bill?—The circumstances were these: Mr. Hilton sold me 5000*l.* together, only 4000*l.* of which went to Messrs. Currie and Co. The number of the bill for which I have not the account was 8445, dated 15th March. That bill I sold to Messrs. Thomas and Sons on the same day, the 26th of October, at 11*s.* premium. On the 29th of October it had become matter of notoriety that that 1000*l.* was in the same

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situation as the other four I purchased from Mr. Hilton, and I paid Messrs. Thomas and Sons the money back again.

1844. Who are Messrs. Thomas and Sons?—They are stockbrokers. I paid them back the money I had received from them, and took the bill, or gave it to Mr. Hilton, who brought me over a 1000*l.* bank-note from Messrs. Currie for it; so that it was returned back to the place from whence it came.

1845. On what day did you give it to Mr. Hilton?—On the 29th.

1846. Did he say from whom he had got it?—I knew when I went over to Currie and Co.'s, they acknowledged that it was done by their order. He said he had got it from Currie and Co.'s. I knew that before I made the bargain; had it not been so, I would not have bought them at all.

1847. Why?—Because there was great hazard; and we had no means of detecting a bad bill.

1848. You purchased one lot in effect from Currie and Co., and the other from Mr. Hilton, who sold for Currie and Co?—Yes.

1849. At the dates of these transactions there had been rumours that there was something wrong in the Exchequer Bill market?—Yes, it had strengthened before the second day; on the 23rd there was that degree of uneasiness that but for the standing of Mr. Cole they would not have been sold. I was prepared to refuse purchasing of any person except a person of the greatest respectability, and, in fact, abstained from all purchases for many days afterwards.

1850. This bill also was sold at the regular premium?—Yes, at the regular premium.

1851. What was the day of the sale to Thomas and Sons?—The 26th of October.

1852. Did you look at any of those bills, with a view to their genuineness, when they came to your possession?—I never have been in the habit of doing so, and, in fact, I cannot tell now.

1853. Did you pay any attention to them with that view?—Certainly not.

1854. You felt only confidence in the persons of whom you bought them?—Yes, and in utter despair in making anything of it, for to this hour I cannot distinguish. I observe that I have letters which throw some light on the matter, which I was not aware of. In the first place here is a letter about the 4000*l.*

The same was read as follows:—

"London, 2nd November, 1841.

"Mr. William Scott.

"SIR,

"WE herewith send you the receipts for 4000*l.* and 8000*l.*, instruments purporting to be Exchequer Bills, but which, on comparison with the counterfoils, have not been found to coincide; the bills themselves being detained under the direction of the Lords of the Treasury; and we hereby claim from you a return of the purchase money paid to you on the 23rd instant, with interest at the rate of 2½*d.* per cent. per diem.

"We are, Sir,
"Your most obedient Servants,
"JAMES CAPEL, NORBURY, TROTTER, & Co."

Mr. *Scott.*—I have another letter from James Capel and Co., dated the 16th of December, 1841.

The same was read as follows:—

"Throgmorton Street, 16th December, 1841.

"Messrs. William Scott and Sons,

SIRS,

"THE Exchequer Bills numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, and 8376, 8 | 1000*l.*, dated 15th March, 1841, being part of those which Mr. Smith has declared to be forgeries, we now require you to exchange them for other bills of a like amount and date, stamped as genuine by the Exchequer Bill Office.

"We are, Sirs,
"Your most obedient Servants,
"JAMES CAPEL, NORBURY, TROTTER, & Co."

I have also a copy of a letter sent by us to Messrs. Cole and Mullens.

The same was read as follows:—

"17th December, 1841.

"To Messrs. Cole and Mullens.

"GENTLEMEN,

"ANNEXED is a copy of a letter we have this day received from Messrs. James Capel and Co., requiring eight genuine Exchequer Bills, of 1000*l.* each, to be substituted for those numbered 8278, 8279, 8280, 8281, 8282, 8374, 8375, and 8376, which we sold to them on the 23rd of October last. These bills having been purchased of you on that day, we are under the necessity of demanding from you the same number of bills of similar date and amount, duly stamped as genuine.

(Signed) "WM. SCOTT and SON."

1855. Was that copy made by you?—No, by one of the clerks. I have now a document

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which will prove the completion of the transaction; it is the duplicate of a memorandum delivered by Cole and Mullens on the 29th of December.

The same was read as follows:—

"29th December, 1841.

"Delivered to W. Scott and Son,

Nos. 3653, 4, 7258, 7759 to 7763 | 8 | 1000 Exchequer Bills, dated 15th March, 1841, in lieu of Lord Monteagle's receipt for 8000*l.* sold to them 23rd October, 1841.

"Duplicate Memorandum.

"COLE and MULLENS."

1856. It appears from that that your house had Lord Monteagle's receipt?—Certainly.

[*The Witness withdrew.*]

Mr. *Charles Waterfield* further examined.

Mr. C. Waterfield.

1857. Will you state what occurred in conversation with Mr. Levy at the Paymaster's Office, when he came there to be paid his interest on certain Exchequer Bills?—I have some memoranda which I made at the time. On Tuesday the 26th of October I was at the Exchequer early, and had, before Mr. Wood came down, about nine o'clock, prepared the funded bills for comparison with the counterfoils; which comparison, as regards the March bills, was accomplished in about an hour. Soon after half-past ten Mr. Latham entered the room, and remarked on the event which had occurred; and as I presumed he was desirous of speaking to Mr. Wood, I left the room, went down stairs, and apologised to Mr. Nevinson for having written to him the previous evening that a forgery to an enormous amount had been committed, and that it implicated a gentleman in the adjoining building. Mr. Nevinson was stirring the fire, and merely observed that he was obliged to me, though he was just prepared to pass a quiet day at Hampstead. He made no other observation. On returning up stairs, and finding Mr. Wood and Mr. Latham standing in the window with the door open, and talking apparently not privately, I entered. After this Levy came from the opposite office with two bills in his hand, and grumbling. He desired to know what he was to do with them; was willing to leave them with Mr. Latham, or do whatever he wished. Mr. Goulburn, he said, had advised him to pay them into the Bank for funding forthwith. Mr. Latham thought he could not do better. Mr. Wood remonstrated about this; and I told Mr. Latham that it was not likely that Mr. Goulburn would have said any such thing to Levy; that no doubt he had made some remark, which Levy had twisted into that, only to get rid of Levy. Levy replied, that it was not likely that he should stand any of Mr. De Berckem's nonsense—"damned nonsense," I think, was his expression. He understood he had a quantity of such, and begged to know whether he was not to be paid his interest on other bills; and appealed to Mr. Latham that he knew him to be a respectable man, and had known him many years. Mr. Latham replied that he did; and added, "By the by, I see that different men are at certain gates. Have you given up (or something) these roads?" And finally, taking Levy by the shoulder, walked him out of the room, saying, "Yes, yes; come with me and get your interest."

1858. What were the numbers of the two bills he produced?—Mr. Wood at the time took a memorandum of them, saying he would write to Mr. Marshall not to receive them; but Mr. Latham seemed to think they had no official instructions, and requested he would do no such thing. I took the liberty of telling Mr. Wood that I thought it was not the time to wait for official instructions; and that if he would go to the Chancellor of the Exchequer and get permission to stop the bills, lest Levy should get to the Bank before me, I would go without instructions, receiving the permission to do so afterwards. And that we did.

1859. On what day did this occur?—On the 26th of October.

1860. Did the Bank receive that notice on the 26th of October?—Yes; Mr. Marshall received that notice with regard to those two bills.

1861. The next morning a general notice was sent to the Bank?—Yes.

1862. State the numbers of those bills?—I then sent up to the Bank of England, and requested Mr. Marshall to send that small piece of paper in Mr. Wood's handwriting; and he sent it, and this is a copy.

1863. Were you present when Mr. Wood took it?—I was.

1864. Did you see it taken?—I did.

1865. Did you see the numbers accurately put down?—I did, and saw the memorandum.

1866. What appeared to be the numbers?—8440 and 8441, dated the 15th of March, 1841; the supply, 10,751,550*l.*

1867. In whose possession is the original memorandum?—Mr. Marshall's. The interest was paid to Mr. Levy about 11 o'clock. After I returned from the Bank, having stopped the two bills, we compared the June bills with the counterfoils; we could not compare them before, not having possession; then we discovered that they were forged bills, and immediately upon that, finding that interest had been paid on those bills being forged, I begged Mr. Latham to

allow me to return and stop the draft, but he said there was no chance of my being in time, and there it ended.

1868. What was the amount of the interest?—156*l.*; I do not know that I should have been in time, for I found it was paid on that day.

1869. Can you state the rate of interest on Exchequer Bills from 1836 to 1841, with the rates of the Exchanges at those periods?—I can. I have added to that, information which I thought might be material, showing whether the Exchequer Bills were at a premium or a discount at those periods.

The same was read as follows:—

Date of Bills.	Rate of Interest.		Bills at Premium.	Bills at Discount.
	d.			
1836. 22 June . . .	1½			
29 September .	2	The Issue alone	Par to 2	
. . . . .	2½	All (supply) on 21st Nov. . .	. . . .	5 to 2
19 December . .	2½	The Issue		
1837. 27 June				
29 September				
14 December . .	2	The Issue alone	47 to 49	
1838. 23 March . .	2			
22 June . . .	2			
1839. 18 March . .	1¾	The Issue alone	63 to 65	
17 June . . .	1¾			
1840. 16 March . .	2¼	All Bills (supply)	17 to 20	
17 June				
1841. 15 March				
16 June				
1842. 14 March				

1870. Had you at any time communication with Mr. Sherman, as the holder of certain Exchequer Bills?—On the 25th of October, the day that Mr. Smith was arrested, Mr. Sherman came into the Exchequer Bill Office, and produced some Exchequer Bills, saying that he had heard reports about there being forged Exchequer Bills in existence, and that he wished to ascertain whether the parcel of bills he held in his hand were good or not. I told him I could give him no answer, but that I would take them to Mr. Smith, Mr. Smith holding the counterfoils, and being the party to whom I ought to refer them. He said he did not want to make a fuss; he did not wish to bring a slur on the party; he was quite convinced they were good bills; he wished to make out a reason why he took 7 per cent.; that he paid 7 per cent., but that if they chose to avail themselves of the money and pay 7 per cent., he was willing to make the bargain, and he said, "As far as I am concerned, I went to them and said here are extraordinary reports about, and they seemed to act very fairly;" and, putting his hand into his trowsers pocket, "they gave me"—I think he said—"5000*l.* additional security." I stopped him; I said, "I cannot enter into this; if you will come with me I will take you into Mr. Smith's office, where the bills will be compared with the counterfoils." My impression was that he had not given money for that further sum.

[*The Witness withdrew.*]

Adjourned till to-morrow, at 11 *o'clock.*

FRIDAY, 20th May, 1842.

The EARL of DEVON in the Chair.

Joseph Paice Vickery, Esq., sworn and examined.

1871. You appear in the schedule to the Act to be the holder or claimant on five Exchequer Bills, numbered 6416 to 6420?—I do.

1872. Will you look at those bills now shown to you and see whether they have any mark upon them by which you know them?—These are my bills; my own endorsement is upon them.

1873. Have you the Exchequer receipt for those bills?—I have.

1874. Will you compare that with the counterpart produced to you, and see whether they correspond?—They do. (*Inspected by the Commissioners.*)

1875. Will you state in what manner you became possessed of those Exchequer Bills?—My motive in selling my stock was to prevent any great fluctuation, any fall in the price, owing to M'Leod's affair, and thus I became possessed of these Exchequer Bills. I had previously,

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from the 1st of October to the 14th, held 3000*l.* Exchequer Bills, which 3000*l.* I delivered up at that period to Mr. Bragg, my broker. I added a certain sum to that, and increased it to 2000*l.* more, making 5000*l.* I asked Mr. Bragg to get me as good interest as he could; the morning before he talked of 5 per cent.

1876. What morning was that?—The morning of the 13th of October, I think. On the 14th I called again, and he said he could not get so much. I said, "Get me 3½ per cent. clear, I do not require more." All I wanted was good Government security. He offered me 7½ per cent. on Spanish Bonds. I said I would have nothing but Government security. I was to have 3½ per cent. till the next settling-day. I held the Exchequer Bills, as my intention was to purchase land. I wished to have no loss, having sufficiently lost on my West India property.

1877. When were the Exchequer Bills handed to you?—They were handed to me as a security on the 14th of October.

1878. In what manner did you pay for them?—I have my book with me containing the account (*producing the same*). I will cut the account out of my book and leave it with the Commissioners.

The account was read as follows:—

Bragg's Account.

1841.		£.	s.	d.
Oct. 1.	Drew on Commercial Bank for interest, &c. .	2887	10	0
	Drew a draft on Child and Co., to make up to hold 3000 Exchequer Bills till 14th . .	112	10	0
		£3000	0	0
Oct. 14.	Gave Bragg's draft from Powell's sale of 2000 Consols	1800	0	0
	Drew draft on Child and Co., to make up 2000 to hold on security 5000 Exchequer . .	196	5	2
	3½ per cent. till the account, interest due on the above 3000	3	14	10
		£5000	0	0

1879. You drew on the Commercial Bank for 2887*l.* 10*s.*?—Yes; that was on the 1st of October, for the purpose of meeting the 3000*l.* Exchequer Bills I first held, which were returned to the party on the 14th of October.

1880. Did you draw a draft on Child and Co. to make up the amount?—Yes; I have the account of Child and Company, to show that it corresponds. This is the account (*producing it*).

The same was read as follows:—

"Mr. Joseph Paice Vickery de Viquirie (In account with Messrs. Child and Co.)

per Contra.

Dr.						*Cr.*				
1841.	Received.	£.	s.	d.	1841.	Paid.	£.	s.	d.
Sept. 21.	Balance due by account sent . . .	434	17	3	Oct. 2.	J. Bragge	112	10	0
„ 30.	Self	12	10	0	„ 11.	Hall and Co. . . .	6	18	0
1842.					„ 15.	J. Bragg	196	5	2
Apr. 20.	Mr. Johnson . .	2	10	0	16.	Mr. Vickery	103	0	0
					Dec. 9.	Self	28	14	0
		£449	17	3			£447	7	2
		447	7	2					
May 19,	Balance due . .	£	2	10	1				

1881. The first of those payments will be proved by a draft on the Commercial Bank?—Yes.

1882. The second payment was by draft on Child's for 112*l.* 10*s.*?—It was.

1883. That made up 3000*l.*?—Yes.

1884. Subsequently, in order to make up the larger amount, there was 1800*l.* paid by Mr. Powell's draft?—Yes: that account I have (*producing the same*); that was on his own account.

The same was read as follows:—

"Sold for Joseph Paice Vickery, Esq.

2000*l.* Consols, 90⅛	£1802	10	0
Com. . .	2	10	0
W. H. Powell, Oct. 14, 1841."	£1800	0	0

1885. You gave a new draft on Child's for 196*l.* 5*s.* 2*d.*?—Yes.

1886. There was a small sum of interest due?—Yes, which Mr. Bragg allowed me; that makes up the 5000*l.* Here is the note sent to me at my cousin's in Lincoln's Inn Fields, announcing the sale of my stock (*producing the same*).

The same was read as follows:—

" Sold for October 14, 1841.
2000*l.* Consols to Mieville and Co, at 90⅛,
Sept. 17, 1841, half-past ten o'clock."

1887. The 1800*l.* was the produce of stock sold for you in your name?—Yes.

1888. When did Mr. Bragg hand over to you the Exchequer Bills?—On the same day.

1889. Were those Exchequer Bills which were so handed to you the numbers which have been just produced to you?—Yes.

1890. Did he tell you at the time where he got those Exchequer Bills?—No; I looked upon him as my broker, and thought it was all regular.

1891. You were to receive 3½ per cent. interest?—Yes.

1892. Had Mr. Bragg done business for you for any length of time?—He has done business for me for a couple of years.

1893. Has he ever bought Exchequer Bills for you?—I never held an Exchequer Bill in my life before.

1894. Did the 3000*l.* Exchequer Bills also come through Mr. Bragg?—They did.

1895. Those you handed back to him?—I handed them back to him.

1896. Afterwards, towards the end of October, when there came a disturbance about Exchequer Bills, what did you do?—I was going abroad at the time. I was in London on Wednesday, the 20th of October, and left on the 21st.

1897. Where did you leave the Exchequer Bills?—I left them in my box at the Commercial Bank, and left the key with a friend to deliver them at the expiration of the time. In six weeks' time, on the account day, I lent the money, but on that day I heard of the unfortunate occurrence in Paris; I hastened to come over, and on that very day week I was in London again, and had to have everything prepared. The Bank would not allow Mr. Mackintosh to open my box, because he had not a document from me to authorize him so to do.

1898. When you came back you found the Exchequer Bills in your box?—Yes; sealed up as I had left them.

1899. What did you do on your return?—The first day after I came back I went to the Exchequer Office with them. I left Paris on the 30th; I arrived on the Monday; and on the Tuesday went to the Exchequer Office, not with the intention of leaving them, but to satisfy my mind. Mr. Alfred Vickery, my son, went with me. The gentleman who examined them said he thought they were not genuine ones. I said I did not choose to leave them.

1900. Do you know who that gentleman was?—I have seen him since; I think his name is Waterhouse, or Waterfield. I kept them for some days, and consulted my lawyer; and I wrote a letter to Mr. Goulburn, a copy of which I have. He said I was at liberty to act as I pleased, that parties did just as they pleased, whether to give them up or to retain them, and I went and gave them up, and got a receipt for so doing.

1901. Did you say how long you had known Mr. Bragg?—About two years. I had done business with him for about that time. I had been recommended to him before that.

1902. Had you frequent transactions with him during those two years?—No, I had not. He sold some stock for me at different periods, and purchased some.

1903. When had you obtained from him the three first 1000*l.* you have mentioned?—On the 1st of October. I held them from the 1st to the 14th.

1904. Were those deposited with you on loan?—Yes, on loan, as the rest were.

1905. At what rate of interest?—At 3½ per cent.

1906. Did you ever know from whom Mr. Bragg obtained those bills?—I never asked, nor ever heard till afterwards.

1907. What did you hear afterwards upon that subject?—When I came back and this business was talked of, I did not ask any questions of Mr. Bragg as to those bills at the period, but Mr. Bragg, since I returned this time, voluntarily told me they came from Mr. Hichens, I think.

1908. Did he tell you where the five bills you afterwards got came from?—I never learnt that till I came back, and he then told me Mr. Morgan.

1909. Did you keep the numbers of the three first bills?—I did not take the numbers, and cannot state them.

1910. Did he state any further particulars as to the manner in which he had obtained the first or the second parcel?—No, I did not enter into any particulars.

1911. When he gave you information as to the persons from whom he had got them, did he give you any further information?—No; nothing further than the common conversation of the unfortunate circumstance of my having them, and that Mr. Morgan was the person who had given them to him.

1912. Did he say what was the nature of the transaction he had had with Morgan or Hichens under which he came into possession of those instruments?—No; he said he simply went into the market to get a Government security, and could not procure a Government security of stock, which he thought the previous day he could do; on the 14th he went into the market again, and he told me Mr. Morgan came up and said, " When you have done speaking to such an one," I cannot recollect the name, " I will speak to you," and Mr. Morgan proposed to take the money on Exchequer Bills.

1913. That was the whole of his statement on the subject?—It was.

1914. Did any document or writing accompany either of those transactions; did any writing pass between you and Mr. Bragg?—None. I did not think it necessary, holding the bills as a security for my money.

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1915. Do you know on whom Mr. Bragg draws?—I think Glyn's.

1916. Who is Powell's banker?—I think Barnard.

1917. Did you drawa draft on the Commercial Bank?—It was a deposit of money; I drew out the money from my deposit account; I received it over the counter.

1918. Did you yourself hand over those several drafts and securities to the amount of 5000*l.* to Mr. Bragg?—I did.

1919. Was any person present when you did so?—My son; he is here.

1920. What is his name?—Alfred Dehany Vickery.

1921. Can you tell in what shape you advanced the 3000*l.* in the previous transaction?—I got it from the Commercial Bank.

1922. For what period of time was the last loan made?—It was lent for six weeks, to the 25th of November; that was the stipulated day.

1923. For what period was the first loan made?—From the 1st to the 14th October. When I went back to Mr. Bragg on the 14th, I asked him whether I might not retain the 3000*l.* bills I already had, and that he should return 2000*l.* of the 5000*l.* he had that day taken for me on the new loan; but he said, "No, I could not do that, for that it was the custom always to give back the same bills which had been given on deposit."

1924. Was any person present when that passed?—Yes, I think my son was present; he was always with me.

1925. Had you any particular reason for wishing to retain the original 3000*l.*?—No; I only thought that an Exchequer Bill was an Exchequer Bill; but I have since learnt that there are two dates to Exchequer Bills.

1926. You thought the simplest transaction was to keep those you had?—Yes.

1927. You do not know whether they were the same dates or not?—No, I do not recollect that.

1928. What is your profession or situation in life?—I live on my property.

1929. Have you been in the West Indies?—I had West India property. I have never been in business; I was formerly in the army.

1930. Where do you ordinarily reside?—I have of late resided in Paris for the education of my children.

1931. Mr. Vickery, the solicitor, of Lincoln's Inn Fields, you state to be a relative of yours?—He is my first cousin.

1931*. Were you residing in England at the time of this transaction?—No; I came over some on trust affairs: when I came over I sold my stock, and then I went back to France.

1932. Have you in your possession a letter addressed by Mr. Morgan to Mr. Bragg?—I have. (*The Witness produced the same.*)

1933. Is that the only letter of Mr. Morgan's handed to you by Mr. Bragg?—It is.

The same was read as follows:—

"Sir, "Pope's Head Alley, 19th November, 1841.

"I HEREBY authorise you or your principal to present for examination at the Exchequer Office the following Bills, Nos. 6416 to 6420, dated June 1841, which I handed to you on the 14th October last as security for the sum of 5000*l.* due the 25th instant. The particulars of the same have been already forwarded to the Treasury.

"I am, Sir,

"Your obedient servant,

"*John Bragg, Esq.*" "E. L. MORGAN.

1934. Have you taken any legal steps to recover any part of this loan?—No.

1935. Why have you taken no steps?—I thought that I had a claim upon Government for the amount, being the unfortunate holder of those Exchequer Bills.

1936. Mr. Bragg was to get for you three and a half per cent.?—Yes.

[*The Witness withdrew.*]

Mr. *Alfred Dehany Vickery* sworn and examined.

Mr. A. D. Vickery.

1937. Were you present with your father, the last witness, in some transaction with Mr. Bragg?—I was.

1938. On what day was it that you saw any transaction between them?—I think it was the 14th of October.

1939. Did you see any payment made or any account settled at that time?—I saw my father give a draft for 1800*l.*, and he drew a draft on his banker, but the amount of which I do not exactly know. I remember a draft being given to him by another stock-broker, Mr. Whiston Powell.

1940. Do you know the total amount had by Mr. Bragg at that time?—The total amount was 2000*l.*, to make up a sum of 5000*l.*, which Mr. Bragg made up with 3000*l.* given to him. Mr. Bragg had a balance of 3000*l.* to give to my father, and my father gave him 2000*l.* more.

1941. What did your father receive in return?—He received five Exchequer Bills of 1000*l.* each.

1942. On what bankers was your father's draft drawn?—On Child and Company, in Fleet-street.

1943. Were you present on any occasion when your father asked whether he might retain the three old bills?—I think that was on the same day.

1944. Do you remember anything being said about retaining the original three bills?—I think Mr. Bragg said it was customary to give back the bills which had been received.

1945. Was that in answer to a question put by your father?—I cannot remember whether it was. I was not paying much attention at the time. I was occupied in reading; and I am sorry to say I paid less attention than I ought to have done.

[*The Witness withdrew.*]

Mr. *John Bragg* sworn and examined.

1946. Are you a stock-broker?—I am.

1947. Are you a member of the Stock Exchange?—I am.

1948. Did you, in October, 1841, act as broker for Mr. Vickery?—I did.

1949. In the early part of that month did you lend any money for him on security?—Yes.

1950. What was the first transaction?—3000*l.* lent to Messrs. Hichens.

1951. How was that 3000*l.* paid to you?—It was paid to me by 2885*l.* in Bank notes, 2*l.* 10*s.* in money, and a draft on Child's for 112*l.* 10*s.*

1952. Do you happen to have any memorandum of the numbers of the notes?—No, I have not the numbers of the notes.

1953. Have you entered the amount of the notes?—I have no entry of that sort, and I do not remember but those notes, 2800*l.*, were the same notes I handed over to Messrs. Hichens, and I gave them also a draft on my bankers, Messrs. Glyn and Company, for 200*l.*

1954. To whom did you lend that money?—To Messrs. Hichens and Company, the stock-brokers.

1955. Did you lend the whole 3000*l.* to them?—Yes.

1956. What security did you take?—3000*l.* Exchequer Bills.

1957. What did you do with those Exchequer Bills?—I gave them to Mr. Vickery.

1958. Do you happen to know the numbers of those bills?—I do: No. 5311, 15th March, 1841; and 4395 and 7070, of the 16th of June, 1841.

1959. After that Mr. Vickery wished to make a larger loan?—Yes. When this fell due the money was left from the 1st to the 14th of October. On the 14th he wished to lend 2000*l.* more; and the reason why it was lent on the 14th was that it was settling day in Consols, and it often happens that money can be more advantageously employed on the settling-day than on the intervening days, and therefore we fixed that date in order to have a better opportunity of lending the money to advantage.

1960. The term of the 14th was fixed by your judgment, not from any particular direction of Mr. Vickery?—I think it was at my suggestion. I said, "If it is continued on the 14th, I shall probably have an opportunity of getting better terms."

1961. What passed on the 14th?—Mr. Vickery brought me some more money on the 14th. He gave me a draft, drawn by a gentleman of the Stock Exchange, Mr. Whiston Powell, whom I knew, upon his bankers for 1800*l.* There was 3*l.* 14*s.* 10*d.* interest due on the loan, 13 days at three and a-half per cent., and Mr. Vickery gave me a cheque on Child's for 196*l.* 5*s.* 2*d.*, which, with the interest, makes 2000*l.*, making the 5000*l.* received from him.

1962. At that time you held 3000*l.* and the interest on account of Mr. Vickery?—Yes.

1963. What did you do with that money, which was then 5000*l.*?—Lent it to Mr. Morgan on five other bills.

1964. Which Morgan was it to whom you lent it?—Edward Morgan.

1965. Is he the Mr. Morgan who is on the Stock Exchange?—Yes, he is a member of the Stock Exchange.

1966. Will you state as nearly as you can what passed on the occasion?—He had previously said that he proposed to make a loan on the 14th. I told him I had got three and a half per cent. clear upon the bills, and I hoped on the settling day I might be able to get more. He was not disposed to lend on foreign security, but on Consols, or any English security put into his name. Being the settling day, on Consols in the early part of the day money was worth five per cent., and if I could have seen him earlier in the day I should have asked more than three and a half, for I might have got five; but at the time he came down I found the continuation, as we call it, had in some measure gone off. Money had become easier as the settling had advanced, and I found a difficulty in getting persons to borrow money on Consols, as I had expected. Mr. Vickery told me he would be satisfied if he could not get more than the same rate of interest he had had before. That being the case, rather than he should lose his opportunity, I said I would take the money at three and a half per cent., and would do the best I could with it. I was trying a good deal to employ the money in Consols; while I was about that, Mr. Morgan, whom I had never dealt with before, came to me, saying, "You are a lender of money?" (I was speaking to a gentleman at the time); he said, "When you have done speaking to that gentleman I will talk to you." I said, "I have done now." He said, "I will give you five per cent. on Exchequer Bills." That I closed with at once, without the slightest hesitation. I do not remember any previous transactions with Mr. Morgan, though I have been there 17 years. I took the bills from Mr. Morgan, and gave him a cheque on Glyn's for 5,000*l.* This is the cheque (*producing it*).

The same was read as follows:—

"*No.* —, *London, October* 13*th*, 1841.

"*Messrs. Glyn, Hallifax, Mills, and Co.*

"*Pay Mr. E. Morgan, or bearer, five thousand pounds.*

"£5000. "*J. Bragg.*

Examinations.

Mr. John Bragg.
20th May, 1842.

1967. Mr. *Bragg*. That cheque is dated the 13th, but it must have been a clerical error; for I can prove by my banker's book, and by the counterfoil of the cheque, that it was the 14th, that cheque passed through Jones Loyd and Co. This is the counterfoil of the cheque (*producing it*), and this is my pass-book (*producing it*). On the 14th a large sum was paid in. They would not have paid that cheque for 5000*l.*, if that had not been previously paid in.

1968. You said that it was the first transaction you ever had in business with Mr. Morgan: have you been in the habit of seeing him much in business?—Yes, I have seen him daily.

1969. Had you known much about his business?—I knew he was doing speculative business, but I had no idea he was doing it to the extent which it appears he had been doing. He was in very good credit, a very respectable man, and had a good connexion and money business, as I have understood.

1970. Were not you surprised when you found a difficulty in getting more than three and a half per cent. at his offer, to give five?—I had no difficulty in getting three and a half per cent. I had got that, but I had a difficulty in getting five. I thought I had done well.

1971. You paid Mr. Vickery only three and a half per cent.?—I had previously engaged with Mr. Vickery at three and a half per cent.; and, Mr. Vickery being a client of mine, I would have taken that though I had made nothing, rather than that he should be disappointed, being in the habit of doing business with him. Those are the only two transactions I have had with Mr. Vickery in the shape of loans.

1972. How long had you been acquainted with Mr. Vickery?—A great many years; he has been a great deal in Paris, and there have been long intervals between my transactions with him.

1973. Will you give the particulars of the five bills?—6416 to 6420 of the 16th of June, 1841.

1974. What did you do with those bills?—I gave them over to Mr. Vickery on the same day.

1975. At that time there was no rumour about Exchequer Bills?—No, not the slightest; nor, I think, for ten days or a fortnight, after which I heard rumours of irregularities in Exchequer Bills. Mr. Vickery was abroad; I could not get at the Exchequer Bills, but he took me over to a friend's in Cornhill, a gentleman of the name of Mackintosh, saying, in case he should not be in town when the bills were wanted, this gentleman, Mr. Mackintosh, would get at them for me, as he had the key of the box, the box being at the Commercial Bank; and I was to inform Mr. Mackintosh if they were wanted. As soon as I heard that there was some irregularity about Exchequer Bills I went over to Mr. Mackintosh, and asked him to get a sight of the bills, and to take them up to the Exchequer, to see whether they were all right. I spoke to Morgans, and asked them whether the bills I had of them could by any possibility be any of those about which there was some rumour of irregularity.

1976. Which Morgan did you see?—Edward Morgan. I only dealt with him. He told me that he had taken three bills,—I will not be positive whether two or three,—but some bills, to Mr. Hichens, and requested he would take them to the Exchequer to be examined. On his return he said they were all right. I got a friend of mine to go with me to Mr. Hichens to see about these bills. I had the numbers of them, asking him whether those numbers corresponded in number and date with those which they had taken up to the Exchequer to be examined. They looked at their book, and said they were consecutive, that they were touching at one end or the other.

1977. Who said that?—One of the partners in Messrs. Hichens's. I think it was Mr. Harrison. The friend who was with me said,—"Now, Mr. Bragg, I think you may make your mind perfectly easy." I went to Mr. Mackintosh, and told him that it was not necessary under these circumstances to give himself the trouble of going up with those bills to the Exchequer to be examined. This happened a very short time before the whole matter was exposed. At last I began to think it would be desirable at all events they should be, and I told Mr. Mackintosh he had better go to the Bank and get them, and take them up; but, as he had no order from Mr. Vickery, they would not give them up. The consequence was, the thing remained quiet till Mr. Vickery came to town, and then he took them up himself.

1978. Had you at any subsequent time any conversation with Morgan on the subject?—I have frequently spoken to him about them.

1979. Did you take any steps, or do anything, with regard to getting either your money or new bills?—No; I acted under the advice of friends, and according to my own judgment. I had lent this money till the 25th of November. Previous to the loan falling due it was necessary to take those bills to the Exchequer. Previous to Mr. Vickery's taking them I went to Mr. Morgan in order to have his authority for doing so, for I knew the bills would be detained, and, being detained, I could not claim the loan in the regular course. On the 25th of November, not having the securities to give up, I got him to write a letter to me, authorizing Mr. Vickery or myself to take the bills up. I knew the situation in which he was; that he had a very heavy account over his head in those bills; and I said, "I suppose there is no possibility or likelihood of your taking up these bills when they are due. He said, "No." The committee of the Stock Exchange have had Mr. Morgan before them a great deal, and they have had all his accounts. They had an account of this loan by me to him, and I believe they had Mr. Morgan's books.

1980. Under all the circumstances you did not think it worth while to take any legal steps?—Decidedly not: if I had done so the committee would have interfered, for it would have been considered an undue preference: it would not have been thought right I should take legal steps to the prejudice of Mr. Hichens and others, who had the same right.

1981. What did you do with the letter Mr. Morgan wrote to you?—I gave it up to Mr. Vickery.

1982. You state that you have been acquainted with Mr. Vickery a great many years. How many years?—More than seven, I think. My first transactions with Mr. Vickery were many years ago.

1983. Have you been acquainted with him for seven years in business?—I think I had a transaction or two with him at that distance of time; but I am speaking from memory.

1984. Have you had many transactions with him in that time?—Very few; but they were very small transactions.

1985. Had you ever had transactions with him in Exchequer Bills before October last?—Never.

1986. For what period was the 3000*l.* lent on the 1st of October, and on what terms?—At three and a half per cent for thirteen days.

1987. Did any writing attend that transaction?—No.

1988. For what period was the second loan?—From the 14th of October to the 25th of November, the period of a Consol account.

1989. That was also at three and a half per cent. as regarded Mr. Vickery?—Yes.

1990. What became of the difference between three and a half per cent. and the five per cent. you were to receive from Morgan?—That was my profit—the previous loan was at three and a half and four and a half.

1991. Did any writing attend the transaction with Mr. Morgan?—No.

1992. You say you knew Mr. Morgan was doing speculative business; what sort of business?—I used to see him in the Spanish market, a market I very rarely went into myself; I could not help seeing that there appeared to be large business doing; but I never saw it, because I could not tell the nature of his transactions. I had no right to know that.

1993. That is what you mean by his doing speculative business?—Yes; he appeared to be doing business in those speculative stocks; but I do not know to what extent.

1994. You have said that after the discovery you asked Edward Morgan whether your bills could by any possibility be among the forged ones?—No; that was at the time when forgery was not mentioned; I think it was not even suspected that they were forged; but there was a discovery of some irregularity.

1995. Did he inform you about having taken good bills to Hichens?—Yes.

1996. What was his answer as to whether those bills could be among the suspected ones?—I forget the precise answer he gave; but the impression that it produced on my mind was, that they might or might not; in fact, I thought it very probable they were.

1997. Did Morgan on any occasion tell you from whom he had got those five bills?—He mentioned the name of Mrs. Solari; but whether he had the bills direct from her I cannot say; I understood him that they were her bills; that was subsequently in conversation; I had repeatedly talked to him after the whole affair became exposed.

1998. Did he give you any further particulars as to the manner in which he had come into possession of those bills?—No.

1999. You have had several conversations with him?—Yes; as to what he knew about them, endeavouring to satisfy my mind as to his correctness.

2000. Have you ever learned from Messrs. Hichens from whom they got their bills?—The 3000*l.* No; I took the bills from them, and gave up to them the same bills; on looking at the schedule I observe that one of the bills I held at that time is in the schedule.

2001. You have never heard from them in what manner they got possession of those bills?—No; I knew that they had received a great many bills from Morgan.

2002. How long had you been acquainted in business with Hichens before that transaction with him?—Almost ever since I have been in the Stock Exchange, which was from the year 1824; I have had repeated transactions with him.

2003. Was five per cent. more than you expected to get upon Exchequer Bills at the time of your transaction with Morgan?—It was because, the interest on money having very much given way on Consols, I had no idea of getting that; but sometimes one person will give a larger rate of interest than another, I could not tell further as to Mr. Morgan than that he offered me that rate.

2004. As far as you could judge, you thought five per cent. a higher rate of interest than was to be expected?—I was not much surprised at it, for the Bank of England had not long before offered to lend money at five per cent. on Exchequer Bills; those loans had fallen due.

2005. Had not the rate of interest fallen in the mean time?—On the 14th of October the dividends were paid. During the shutting the Bank had lent money at five per cent. on Exchequer Bills.

2006. Had not the current rate of interest fallen in the mean time?—Money was lent on Consols at five per cent. that day; but I could not expect to get the turn of the market; I was lending money when I did not expect persons to give me that.

2007. What amount of interest did you expect to get on Exchequer Bills when you went into the market?—I was trying to lend the money on Consols all the morning; my instruction was to lend the money on Government Security, and I tried to do it on Stock, not to do it on Exchequer Bills.

2008. What interest would you have expected to have had on Exchequer Bills on that day?—I cannot tell; I must beg to say that I do not consider myself quite competent to answer those questions, for it is very seldom that loans of money occur with me; I was not a dealer, a lender and borrower of money; but if a person goes in to lend money on a particular security he must be content to take a lower rate of interest. If I were desirous of lending money on

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Russian stock, for instance, if persons are not desirous of borrowing Russian stock, I must take what rate of interest I can get.

2009. What is the lowest rate of interest you would have been content to take on that day?—If I could have got four and a half per cent. on Consols I would not have taken Exchequer Bills at a less rate of interest, for Exchequer Bills being a Government security, Mr. Vickery would have been content with them, but I was not secure of Exchequer Bills.

2010. The difference between three and a half per cent. and four and a half per cent. would have been your profit?—Yes.

2011. Do stockbrokers receive payment of that kind?—We call it "commission," in loans of money; frequently the transaction will not bear a commission.

2012. You got no commission besides that?—No.

2013. When a broker transacts business in that way that is the mode of his payment?—Yes; short loans of that kind would not bear a commission.

2014. You do not call yourself a dealer in those securities, but only a broker?—Only a broker.

2015. You are a sworn broker?—Yes.

2016. You say the Stock Exchange have had the matter of this loan before them. Have they come to any resolution upon the subject?—I am not aware that they have. I know that the Committee have had Mr. Morgan and Mr. De Berckem before them; they have had a great deal of evidence before them.

2017. At the time of this transaction of yours with Morgan, there had been no rumours of anything irregular in the market?—None whatever.

2018. You paid no more attention to the bills you received than you do to bills under ordinary circumstances?—No; I merely took the numbers of them in my book.

2019. You said that you went to Mackintosh and told him the bills need not be taken up for examination?—That I thought they need not.

2020. Was that after your conversation with Morgan which left it doubtful whether the bills were good or not?—Yes; but it was not until I had been to Hichens's, who had taken up bills which were pronounced right; it was that which induced me to say that he need not give himself any trouble till he heard further from me.

2021. Was that merely because the bills were consecutive?—Yes; and it was rather a trouble to him to go to the Exchequer Office. I did not wish to give him unnecessary trouble; I first suggested his going, but afterwards told him I thought he need not; but I left it to him, and he agreed with me.

2022. You told him you thought the bills were good?—Yes.

2023. Will you state your reason for that opinion?—That Mr. Hichens had taken up some bills with consecutive numbers, and that those had been pronounced good; then a few days after that I began to doubt again, and then I suggested his going.

2024. What led you to doubt again?—A strong apprehension that I had been too confident; in fact, I wanted to be certain that they were right.

[*The Witness withdrew*].

William Matthew Coulthurst, Esq., sworn and examined.

W. Coulthurst, Esq.

2025. You are a partner in the house of Messrs. Coutts and Co.?—I am.

2026. By the schedule to the Act of Parliament that house appears to be the holders or claimants on fifty-one documents, purporting to be Exchequer Bills, which have been detained at the Exchequer?—Yes; 39,000*l.* only belong to the house.

2027. To whom do the other 12,000*l.* belong?—I rather think to the Bank of England; they all stand in the name of Mr. Capel, as our broker, he having taken up the whole to the Exchequer Bill Office.

2028. 39,000*l.* belong to your house?—Yes.

2029. Will you look at the bills now shown to you, and state whether they are the bills in question?—They are.

2030. Will you have the goodness to state the circumstances under which those thirty-nine bills came into your possession?—On Friday, the 15th of October, Lord Strangford called in the Strand between three and four o'clock in the afternoon; he came to me and said he was come on rather an unusual mission. I asked him to walk into the inner room, which is a partners' room; he then said that a friend of his was desirous of borrowing a sum of money, he said ten, twenty, thirty, to forty thousand pounds, upon the deposit of Exchequer Bills, and he asked if it was the custom of our house to lend money on the deposit of Exchequer Bills. I told him that it was quite within the rules of our house to advance money in that way on Exchequer Bills, and of all securities they were what we preferred. I then went into the adjoining room and asked Sir Edmund Antrobus to come in, who was speaking to another gentleman. We explained to Lord Strangford that it was quite usual to lend money on the deposit of Exchequer Bills, but that it was not usual for us to lend money to a perfect stranger. He said he had a friend who was particularly desirous of borrowing this sum of money, that it would be a very great accommodation to him, and a favour to him (Lord Strangford) personally, if we could accommodate him. We told him that, as he pressed it so urgently, we would make the advance, and, as we considered the security itself so undoubted, we should have pleasure in accommodating any friend so recommended; that we should have pleasure in obliging Lord

Strangford and the gentleman whom he introduced to us as his friend. We asked him, "Where is your friend?" He said he was in a cab at the door. We said we would send a clerk and call him in. Lord Strangford said, "No, I will go myself and fetch him in." He went out and brought in Mr. Morgan, and introduced him to Sir Edmund and me as his particular friend Mr. Morgan, a highly respectable person. "This is the gentleman who wishes to borrow this sum of money." It was then repeated, in the presence of Mr. Morgan, that we had, at Lord Strangford's request, consented to make the advance on Exchequer Bills.

2031. The parties then present being Sir Edmund, yourself, Lord Strangford, and Mr. Morgan?—Yes; it is difficult to say who spoke, being altogether in conversation. We then explained to him that there were two modes of making the advance; the one was by placing the money to an account in Lord Strangford's name, and that he should give a draft to Mr. Morgan on his, Lord Strangford's, account for it; the other was that we should place the money at once to Mr. Morgan's account; and Lord Strangford said, very distinctly, you may either do it in my name or in Mr. Morgan's, it is just the same thing. I then, I believe, went out to the clerk to give him instructions for the security, and to request him to draw up the ordinary memorandum which we take on such occasions; and I then said to him "The security may be either taken in Lord Strangford's name or in Mr. Morgan's;" but, on consideration, and talking with him, and feeling so confident in the security itself and the recommendation of Lord Strangford, and as the circumstance appeared perfectly *bonâ fide*, wishing to oblige Lord Strangford, we took the security, unfortunately, in the name of Mr. Morgan only, and the money was placed to Mr. Morgan's account. When Lord Strangford made the application in the first instance, as his reason for it he stated that his friend Mr. Morgan had applied to the Bank of England for a loan, and he had seen Sir John Reid, and Sir John Reid told him he should be happy to accommodate him, but he had let the time go by at which the Bank makes advances on deposits, which is merely during the shutting of the books, the books being then open, and that they, therefore, could no longer accommodate him; that he had also applied to his own banker in the City (he did not name him), but that his banker told him that he had been discounting freely in the morning and that he could not do it; that they could get a better interest in the City by discount than by adopting the course of loan on deposit which we do very much at the west end of the town.

2032. Do you recollect whether this statement was before Mr. Morgan came in, or afterwards?—What I have now stated, as to the application at the Bank of England and to Mr. Morgan's banker, was before Morgan came in.

2033. What was the rate of interest?—The rate of interest was 5 per cent.

2034. What was the term?—They asked for it first of all for two months. I said, "No, we always preferred making our advances for short periods." Mr. Morgan said, "At 4 per cent?" We said, "No, we usually adopt the course that the Bank of England adopts, and in this case it is 5 per cent." And he said, "Well, we can afford to give 5 per cent; 4 would be better."

2035. What was the rate of interest at which the Bank was lending at that time?—5 per cent. They had been lending money on Exchequer Bills and approved securities at 5 per cent., and that was the regular rate of interest for some time.

2036. Did the transaction then proceed?—Yes, the memorandum was prepared, which I beg to produce.

The same was read as follows:—

"London, 15th October, 1841.

"Messrs. Coutts and Co.

"You have this day advanced and lent us Forty Thousand Pounds (£40,000), and we have deposited with you 40,000*l.* Exchequer Bills as a security for the said advance and interest.

"It is understood the loan is to continue for one month from this date, but you are to be at liberty to sell the said bills, and repay yourselves, if not repaid at that time or continued at your option.

"The rate of interest to be 5 per cent.

"Place the above sum to an account in our names.

"Your obedient servants,

(Signed) "Wm. & Jas. Morgan."

2037. Do you recollect which of the Messrs. Morgan it was who was present?—Mr. William Morgan.

2038. That document was signed by Mr. William Morgan in your house?—Yes, in the presence of Mr. George Robinson, our clerk. I should mention that, when Lord Strangford made his application, he did not explain to us what had passed between Mr. Morgan and himself as to its being a case of emergency, or a case of life and death with Mr. Morgan, as he mentioned afterwards; I think on the 29th of October, after discovery of the fraud.

2039. He merely introduced Mr. Morgan as a friend?—Yes, and treated it as a matter of business—a cool matter of business.

2040. Lord Strangford is a customer of yours?—Yes, he has been so, I believe, nearly thirty years, and on that account we were anxious to oblige him; he always has been most regular in his pecuniary transactions with us.

2041. From your connexion with banks at a distance, particularly with Scotch banks, is it your habit to have a good deal of money in Exchequer Bills?—Very large sums; that is the security we always prefer.

2042. Are those transactions usually carried on in the Strand with the principals, or do they usually go through the brokers?—Sometimes in the Strand and sometimes in the City; loans

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are sometimes made in the Strand to individuals, but perhaps the larger loans in the City through the brokers.

2043. Capel and Company are your brokers?—They are; those are larger sums of course than individuals generally would require.

2044. Was Morgan known to you previously to that day?—We had never seen him before to our knowledge.

2045. Did you look at all at the Exchequer Bills themselves?—Not the least; we had not the smallest suspicion of anything being wrong; we thought in fact they were as good as bank-notes.

2046. Did you inquire of Lord Strangford who Mr. Morgan was, or the nature of his business?—No.

2047. Or the manner in which he was likely to be possessed of so large a sum in Exchequer Bills?—No, for from Lord Strangford's conduct and manner, I was fully impressed with the idea that he was mainly interested in the transaction, and therefore we did not inquire. The memorandum was prepared by Mr. Robinson in the outer room, and brought into the room where we were all standing, and read over; it was then signed by Morgan; after he had signed it he held out his hand to Mr. Robinson, who was on the opposite side of the table, for the money, but Mr. Robinson answered, "Where are the Exchequer Bills?" Morgan, immediately addressing himself to Lord Strangford, said, "You have got them, my Lord." "No," he said, "I have not got them." He said, "Oh, I am sure you have." His Lordship protested in the most vehement way that he, Morgan, must have them, or that he must have left them in the cab or in the case. Morgan protested, turning out his pockets, that he had not got them. Sir Edmund said, "Really Mr. Morgan 40,000*l.* Exchequer Bills constitute a bundle you could not very well overlook." He said, "I will go into the City and fetch them." He ran out of the house in a very great hurry; Lord Strangford remained talking with me at the fire, I should think, for two or three minutes, and he then said, "You have done us a very great kindness; you have done that gentleman a great kindness;" immediately, "and mediately to myself." I have mentioned that Lord Strangford said that the security might be prepared in his name, and that I repeated that afterwards to Mr. Robinson.

2048. Did Morgan come back again?—Morgan did not come back again till nearly five o'clock. I had left the Strand previous to his coming back.

2049. Did Lord Strangford leave you?—Lord Strangford then went away after saying this.

2050. Before Morgan came back you had left the Strand?—Yes, it was then I should think five o'clock.

2051. In the course of your lending money on Exchequer Bills, does it often happen to you to lend so much as 40,000*l.* to one individual?—If the question refers to the City, we are engaged in such transactions in the City very much larger.

2052. In these cases the broker, or whoever manages it, relies both on the nature of the security and the respectability of the parties?—Entirely so. There is one point which I have not mentioned; the loan was only for a month, and Lord Strangford said, "But you will take care, Mr. Morgan, to give Messrs. Coutts notice of the loan becoming due;" and he said, "Oh, yes, I will call upon Coutts a day or two before it becomes due, and pay the interest that shall be due, and then it can be considered by both parties whether it should continue or not." In short, the business was negotiated and transacted between Lord Strangford, Sir Edmund, and myself, and Mr. Morgan, altogether as one party; and these circumstances induced us to believe that Lord Strangford was greatly interested in the transaction.

2053. This was on the 15th of October?—Yes.

2054. When did you first hear anything which led you to be alarmed?—Not till the 28th of October, when Mr. Capel came up from the City and told us that Morgan had stated on the Stock Exchange that we held 40,000*l.* of these spurious bills.

2055. What step was then taken?—We immediately had the bills looked out and gave them to Mr. Capel, requesting him to take them to the Exchequer for examination.

2056. What was subsequently done at the Exchequer by Mr. Capel was on your behalf?—Yes, entirely; he represented us at the Exchequer.

2057. Had you afterwards any communication with Mr. Morgan himself?—On the 29th, as soon as the matter was discovered, Sir Edmund called on Lord Strangford at his house. Mr. Morgan called in the Strand, indeed Lord Strangford brought him, on the 29th; he went into the City and brought him. I saw him, but very little passed to the purpose, excepting his protesting the bills were genuine; that similar bills had been examined and passed as good.

2058. He protested that the bills were genuine?—Yes, he did in the strongest way, and that he had done everything he could to prove that, for he held some others, and had taken or sent up, a similar parcel to be examined; he had not sent ours, concluding that, as the others had been returned approved, it was unnecessary to come to us, that ours must be correct.

2059. When he spoke of having sent or taken a similar parcel, did he tell you from whom he had had the Exchequer Bills?—No, he did not; he stated that he had much larger sums through his hands, and that he had some remaining, I think five or seven thousand pounds, but that he had larger sums through his hands.

2060. You stated that the advance was made by placing money to his account; did he draw for it?—He drew, I think, 5000*l.* that day; but Mr. Robinson will state the circumstances, for he had the management of the transaction.

2061. Have you occasion to know whether Lord Strangford had previously had any dealings in Exchequer Bills?—No, we had no occasion to know it; we had reason to suspect that Lord Strangford had had dealings in transactions in the funds, but not through us.

2062. You did not hold Exchequer Bills of his Lordship's?—No.

2063. You state that the Bank of England were at this period taking 5 per cent. on Exchequer Bills?—At that time the books were opened, but they had been shut a few days previously; they were taking that interest.

2064. That they were taking 5 per cent. on Exchequer Bills on deposit for so long a period as a month?—I do not know, but I should say that 5 per cent. was the regular rate of interest. The books are shut for a month, and during that month the Bank lend money on Exchequer Bills at 5 per cent., so that they must have done so.

2065. You said, "That is the rate of interest we must have?"—Yes; we put it on this ground, that we were in the habit of following the rule of the Bank.

2066. He proposed 4 per cent.?—He put it in this kind of way, "4 per cent., I suppose?" and we said, "No, 5 per cent., which is the Bank rate."

2067. You have stated that in the City you are in the habit of lending very much larger sums; to what description of persons, and on what transactions?—On deposit in the same way; those transactions are done through our broker, and we do not know many of the parties; they are done on the Stock Exchange among themselves.

2068. Have you been in the habit of lending much larger sums on Exchequer Bills to those who come to you in the Strand?—We have lent on Exchequer Bills; and by the list before me I see there is one instance of 50,000*l.*, 23,000*l.*, 10,000*l.*, and so on; and I have no hesitation in saying that, if any customer had come, with respect to whom we were satisfied, we should have done it; we should have made large advances on deposit of Exchequer Bills.

2069. If any one of your regular customers had come with 50,000*l.* of Exchequer Bills, it would have been in your course of business to lend him money upon that amount?—Yes, if a person whom we knew had stated to us that he wanted 50,000*l.* on Exchequer Bills, it would have been quite in the course of our business to have done it; but that would not have applied to other securities.

2070. You are the agents of some of the Scotch banks?—We are.

2071. In your connection with those banks you are necessarily the holders of large balances, which may be drawn for suddenly?—We are.

2072. Does that lead to your having a larger sum of money in negotiable securities than bankers in general have?—The balances of our house are very large from our connexion with Scotch banks and other customers, and it is the rule of the house to consider Exchequer Bills as their principal fund on all occasions. I believe, in consequence of that, we hold a much larger amount of Exchequer Bills than many other houses in London.

2073. Does it frequently happen that a loan on Exchequer Bills is renewed by the borrower from month to month?—Yes, if we see no objection to it. I cannot at this moment charge my memory with an instance, but I should say that it is in the ordinary course of business.

2074. You cannot remember an instance in which a loan on Exchequer Bills for a month has been renewed for another month?—I cannot remember an instance, but I should consider that as in the ordinary course of business.

2075. Though you did not know Mr. Morgan personally, and had no connexion with him in business, did you know nothing of his name or the nature of his transactions?—Not the least till afterwards.

2076. You have said that after Morgan went into the City Lord Strangford continued talking with you; were any other persons present at the time?—I think Sir Edmund was present.

2077. Did he say anything more than that you have stated which you consider to be of importance?—Nothing material that I recollect.

2078. Since the discovery of the fraud, have you had occasion to see Morgan personally?—I think he has called upon us two or three times.

2079. Has he ever stated from whom he got those bills?—No, I do not recollect that he has.

2080. Or given any account of the manner in which they came into his possession?—No, I do not recollect that he did. We have had proceedings both at common law and in Chancery.

2081. What was the nature of your proceedings in Chancery?—We consulted the present Mr. Justice Cresswell and Sir John Bayley as to the course we should take, and laid a case before them; they said, "You must bring a joint action at law against Lord Strangford and Mr. Morgan, and you must file a bill of discovery."

2082. Was that a written opinion?—No, it was given verbally; accordingly we brought an action, and filed a bill of discovery. Lord Strangford and Mr. Morgan put in their separate answers.

2083. Is that suit proceeding?—No; we have laid the papers before Sir John Bayley, Mr. Justice Cresswell being called to the Bench, to consider whether we should proceed, and his decided opinion was that Lord Strangford had sworn us out of court.

2084. That the discovery would not assist you in your action at law?—It went to show that Lord Strangford had had larger transactions with Mr. Morgan than we had the slightest notion of, but it will not assist us in our action at law.

2085. Is the suit now at an end?—No, but we have taken no further proceedings, being advised that we could do no good. Mr. Morgan, from all the information we have been able to obtain, is a perfect man of straw. The bill of discovery was filed to obtain evidence for the action; we being parties and not able to give evidence ourselves, we have not proceeded, thinking that no benefit could result from it.

2086. You conceive you have no remedy against Lord Strangford after his answer, and you have been advised that you would not be likely to obtain any damages against Mr. Morgan?

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—Yes, he having been a bankrupt once or twice, we have been advised that there would be no use in proceeding against him.

2087. You have referred to 39 bills; were not there 40?—The history of the other bill is, that when they were sent up to the Exchequer 39 only were found bad; when Mr. Morgan called upon us, and we told him that all the bills were found bad at the Exchequer, he said "What, all? Was not there one good one?" This took place with Sir Edmund Antrobus. I do not recollect anything further.——N.B. Upon referring to dates, I find I was not present when Morgan stated this. I was in the City, and must therefore only have heard it from Sir Edmund.

2088. Was that on the first visit after the 28th?—I think it was.

2089. Do you happen to have the number of that one bill which turned out good?—I have not it here, but I can find it from our books.

2090. Is it the habit of your house to note the numbers of the notes when your drafts are paid?—Every note which is paid out of the house, however small.

2091. You say that Lord Strangford stated that an application had been made to the Bank, of England for the same loan, and to another banker?—Yes, to Mr. Morgan's own banker, but he was not named.

2092. Was any reference made to the application to the Bank or Morgan's banker after Mr. Morgan came in?—No. Lord Strangford had given this explanation before he came in; and it appeared to us that Mr. Morgan was brought in more as his agent to conclude the business.

2093. Your impression appears to have been that Lord Strangford was at least a good deal interested in the loan?—Precisely so; and we had a strong desire to oblige Lord Strangford, an old connexion of the house, and thought we could do so with perfect security. We have a rule that when we make loans we generally refer to the senior partner for his decision when time and circumstances will admit. Mr. Majoribanks, the senior partner, was in the country, and when I went out to give instructions for this memorandum it was in my mind that we had decided this without reference to Mr. Majoribanks; and I said to the clerk, "There can be nothing wrong on Exchequer Bills;" or, "There can be no risk in the security of Exchequer Bills."

2094. You thought you might depart from your ordinary rule of consulting the senior partner, the security being in Exchequer Bills?—Just so.

[*The Witness withdrew.*]

Mr. *George Robinson* sworn and examined.

Mr. Geo. Robinson.

2095. You are the principal clerk in the house of Coutts and Co.?—Yes, I have been there a great many years.

2096. Do you recollect a transaction which took place on the 15th of October last with Lord Strangford and Mr. Morgan?—Yes.

2097. What was the first time you saw or knew of it?—I saw Lord Strangford come into the house, and immediately after that Mr. Coulthurst came and spoke to me on the subject of the loan.

2098. Did you prepare any memorandum?—Yes, I prepared a memorandum, which was afterwards destroyed; and the one which has been given in was the one which was acted on.

2099. What was the nature of the memorandum you prepared?—The only difference was, that I supposed it was Mr. Morgan singly to whom the loan was to be made, and it turned out to be a firm.

2100. Is the memorandum which was afterwards signed in similar terms to those generally employed by your house upon loans on Exchequer Bills?—Yes; this is the form in which a memorandum would be drawn, generally speaking. In many cases a promissory note accompanies a memorandum of this kind, but in this case it did not.

2101. In what manner was the money advanced to Mr. Morgan?—It was placed to his account.

2102. What sum?—The full sum of 40,000*l.*

2103. Did he take it out by drafts?—He took it out in two sums. He took out 5000*l.* on this day the 15th of October, and 35,000*l.* on the following morning.

2104. Have you those drafts here?—I have. (*The Witness produced the same.*)

2105. It is not in your department to pay those drafts?—No; but I was the hand to give the money to Mr. Morgan.

2106. Did you give Mr. Morgan the money in payment for those drafts?—I did.

The cheques were read as follows:—

"*London*, 15*th October*, 1841.

"*Messrs. Coutts & Co.*

"*Pay Ourselves*, ——— ———, *or Bearer, Five thousand pounds on account.*

"£5000. *Wm. and Jas. Morgan.*"

"*No.* —, *London*, 16*th October*, 1841.

"*Messrs. Coutts & Co.*

"*Pay Ourselves*, ——— ———, *or Bearer, Thirty-five thousand pounds.*

"£35,000. *Wm. and Jas. Morgan.*"]

2107. Can you give the numbers of the notes which were paid?—I can.

2108. Did you take the numbers of the notes yourself?—No; I filled up the cheques myself.

2109. Mr. Morgan came himself?—He did. I was the party who dealt with Mr. Morgan on the occasion of the drawing of the memorandum, and paying the money, and receiving the

Exchequer Bills. I took the draft forward to the counter, and waited for the money, and took it back to Mr. Morgan.

2110. The clerk who gave you the money entered the numbers of the notes?—Yes; this is a copy of the book.

2111. Did you trace what became of those notes?—They have been traced.

2112. You have been cognizant of the transactions of the house on loans?—Yes, that is my department.

2113. In what way is the rate of interest regulated in general? Does it often happen to the house to receive 5 per cent. on loans on Exchequer Bills for such a period as a month?—Yes, it does.

2114. Very large sums are lent in the City through the medium of the brokers, are there not?—Yes.

2115. Are many large sums lent in the Strand, dealing with principals?—Yes, very large sums.

2116. Had you at any time any conversation with Mr. Morgan on this subject?—Mr. Morgan on both occasions, I think particularly the first occasion, explained to me the circumstance with respect to his not having brought up the Exchequer Bills in the first instance.

2117. Did you see him when he came back with the Exchequer Bills?—Yes, I took them from him. He began by apologising for the trouble he had given in coming a second time, and said that Lord Strangford and he had come up together; that when they were leaving the office, Lord Strangford came from his clerk (Mr. Morgan's clerk), who was entering the bills. He said, "He came from my clerk; and I concluded, as a matter of course, that he had the bills with him."

2118. Did you ever hear anything from Mr. Morgan as to the circumstance of one of the 40 Exchequer Bills turning out to be good?—No; I believe I never saw Mr. Morgan except on those two occasions, but once, and that was one day when the loan became payable; and on that day I think he did not advert to it. Mr. Coulthurst was present at that time.

2119. On any occasion did he state to you from whom he had received those bills?—No, he did not.

2120. Did you at all learn from him who were his bankers in the City, to whom it was stated he had made an application?—No.

2121. Do you happen to know whether, about the same time, or within a few days, any other loans were made by the house in the Strand?—There were loans at that time constantly making by the house; it was a daily occurrence almost.

2122. Were those made mostly on Exchequer Bills?—On Government securities; stock more than Exchequer Bills, I should think.

2123. Can you state in what way the rate of interest was fixed from time to time, when a customer comes in and wishes to have a loan of 10,000*l.* on Government security; it varies, of course?—In ordinary loans the house do not vary. The rate of interest for a considerable time past on the loans made to the ordinary constituents of the house has been 5 per cent., except on mortgage; that has been the rate for a considerable time.

2124. Whatever the nature of the security, except mortgage?—Yes.

2125. Do your loans on Exchequer Bills ever exceed the period of a month?—Yes; they are not limited to that.

2126. What is the longest period for which they have been continued?—That depends on circumstances; they have continued for many months. I have a list here of large loans which have been made on Exchequer Bills, which would be continued at the convenience of the parties.

2127. What would be the longest original period?—That would depend on arrangement.

2128. Sometimes the original lending is for more than a month?—Yes.

2129. And it often happens that the loans are continued on for several months?—Yes.

2130. Does that occur when the rate of interest is 5 per cent.?—I should say the rate of interest would not regulate it.

2131. Do you think borrowing at 5 per cent. would be likely to continue for a considerable time, the rate of interest on Exchequer Bills being only 3½ per cent.?—That would depend on the circumstances at the time. I recollect a loan to the Edinburgh Improvement Commissioners, which the house made to a public body, of 10,000*l.* on Exchequer Bills, because they did not like the price: the rate of interest, I think, was 5 per cent., and it remained for three months.

2132. Can you refer to the entries upon that subject, if it should be material?—Yes, I can; that was a loan made some time ago. I know that the repayment of it was postponed probably two or three months.

2133. Do you think it was certainly two or three months?—Yes.

2134. The interest remaining at 5 per cent.?—Yes; but I cannot speak to the amount of interest positively, without reference to the books.

[*The Witness withdrew.*]

Mr. *George Edward Cooper*, further examined.

Mr. G. E. Cooper.

2135. There are two bills, Nos. 7100 and 7101, now put into your hands: were they taken in to be funded by you?—They were.

2136. Will you have the goodness to state the circumstances under which those bills came into your possession?—On the 15th of July last I lent to Mr. Edward Lloyd Morgan 2000*l.* on the deposit of those two bills. The loan was at 4 per cent. in the first instance, till the 26th of August, which was the account day. It was afterwards continued for a fortnight at the same rate, which brought it on to the 9th of September. From the 9th of September to the day

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on which I paid those bills in to the Bank, it was continued at 5 per cent., when the loan became due to me.

2137. What was the day on which you paid them into the Bank?—On the 27th of October.

2138. From the 9th of September to the 27th of October it was at 5 per cent.?—Yes. The amount was paid by a cheque upon Messrs. Jones Loyd, which voucher I have not got, but Messrs. Jones Loyd gave me credit for it, he having kept cash at the same bankers'.

2139. The cheque was for exactly 2000*l.*?—Yes. That is my pass-book, in which the amount is entered; and this is my private cash-book, in which also it is entered (*producing the same. The entries were inspected by the Commissioners*).

2140. Where did the loan take place?—In the Stock Exchange.

2141. Do you recollect any of the circumstances particularly: were you known to be a lender of money on that day?—We are constantly borrowing or lending, as our accounts fluctuate by purchases or sales.

2142. Had you previous transactions with Mr. Morgan?—Yes; for many years.

2143. He has acted as a broker on the Stock Exchange?—Yes; for many years.

2144. What did you do with those bills?—I kept them till my loan became due, when I requested repayment; but at that period the state of the market was such that he said he was not able to pay me. Bills were unsaleable: a great panic had seized the market, in consequence of the discoveries made the week before. In consequence of my apprehension I went up to the Exchequer Bill Office on Friday the 22nd of October, requesting that those bills might be examined. I took them to the Exchequer Bill Office, and they were examined, and declared to be correct.

2145. Do you happen to know whom you saw?—No, I do not; I was not acquainted personally with the gentlemen. I went to the Exchequer Bill Office, where I had been accustomed to make exchanges of bills, and they proceeded to examine them; but not having the counterfoils for that series of bills, they requested me to walk down to what they called the Exchequer Office (Lord Monteagle's office), and they were examined there in the interior office.

2146. In fact, they were examined in two offices?—The examination at the first could not be so called: they had not the means of examining them, I understood.

2147. The person, whoever he was, whom you saw, professed to take them to a place where they could be well examined?—Yes.

2148. Do you think you should recollect the gentleman whom you saw?—I can recollect the gentleman who took me down; but they were examined in an inner office. The gentleman happened to have his back towards me. I should infer, from subsequent observation, that it might be Mr. Smith; for I saw him at the Old Bailey, and from his size I think it is not improbable that it was he. I communicated to the parties that I had had the bills examined: there was a general inquiry as to the result. I retained them until my loan became due; and finding I could not receive my money from Mr. Morgan, I was authorised by him to dispose of them, and I funded them. I took them to the Bank, and paid in full 2500*l.* scrip, 20 per cent. having been paid.

2149. They took them from you at the Bank?—Yes.

2150. On what day?—On the 27th of October. The stock was written into my own name.

2151. Does it still remain there as stock?—No; I transferred it subsequently to Henry Wheeler: that was the way I raised my money.

2152. It was sold and transferred immediately?—Yes.

2153. As far as that transaction goes, you have no further interest in it?—I received a communication subsequently from Mr. Marshall, enclosing one from the Chancellor of the Exchequer, relative to this payment.

The same were read as follow:—

"Bank of England, 3rd Nov., 1841.

"SIR,

"I BEG to transmit to you, for your government, the copy of a letter received from the Chancellor of the Exchequer, in reference to the under-mentioned Exchequer Bills, paid by you for the purpose of being funded; and you will please take notice that the bills in question will not be admitted as a payment on account of your subscription.

"I am, Sir, your obedient servant,

"M. MARSHALL, Chief Cashier.

"7100 } 2 bills, 1000*l.* each, dated 16th June, 1841, received at the Bank of
7101 } England on 27th of October last.

"Mr. G. E. Cooper."

"Downing Street, November 2, 1841.

"GENTLEMEN,

"OBSERVING, from the returns which have been made to me from the office of the Paymaster of Exchequer Bills, that you have paid in to their office, in part of subscription to the late funding of Exchequer Bills, the bills of the dates and numbers subjoined, which appear on examination to be forgeries, I have to request that you will intimate to the parties from whom those bills were received that they are not genuine, and will not be admitted as a payment on their account of the subscription made by them.

"I have the honour to be, Gentlemen,

"Your very obedient servant,

"HENRY GOULBURN.

"To the Governor and Deputy-Governor of the Bank."

2154. What did you do in consequence of that?—I have taken no further step.

2155. Supposing Morgan to be a solvent person, you would have a claim against him?—I should suppose so, if there is any claim against me on account of those bills; but with the statement at first of the bills being genuine, I could make no claim against him.

2156. On what day did you sell the stock?—On the same day (the 27th) it was written to me.

2157. Unless the Government claim against you, you have no claim upon those bills?—No.

2158. Was the rate of interest you have stated the usual rate?—Yes; money was rather more in demand at the time I first lent it, and I got 4 per cent. Afterwards, money became more scarce, and I got 5 per cent. Money had been 5 per cent. the week before, when I paid off a large loan of the Bank of England.

2159. Had you any transactions with Mr. Morgan of a similar nature, advancing money on Exchequer Bills?—Very frequently; I lent money; I have no immediate recollection of the date; I had bought Exchequer Bills of him very frequently.

2160. How came you to take the bills to the Exchequer to be examined as early as the 22nd of October: had you at that time heard any rumour of anything being wrong?—Yes; an inquiry as to some loans had, I believe, taken place, and I suggested to Mr. Maubert to take them up. I believe Mr. Maubert had been in communication with the Treasury, or the Chancellor of the Exchequer; and in consequence of his informing me I became solicitous.

2161. Do you know the name of the particular office where those bills were examined, and where you say they were described as good?—The Exchequer Office I subsequently learned it to be, at entering the door on the ground-floor: that was not the place to which I was first shown.

2162. Did you see only one person there?—There were two or three in the office, but I have no recollection of them. I should recollect the gentleman who took me down: he was a stout, short gentleman. It was rather an intricate passage.

2163. What sort of examination appeared to take place?—It appeared to be an examination by the application of the bill to a counterfoil: it was at the table. The person who examined them turned round, and said to the gentleman who took them in, "Now are you satisfied?" That was an observation which struck my attention.

2164. Have you had several transactions with Mr. Morgan in Exchequer Bills?—Yes, for a series of years, both in purchase and sale, and never found anything wrong before.

2165. Have you had Exchequer Bills from him on loan?—Yes; which have always been regularly taken up and settled.

2166. Did it ever happen that those bills remained in your possession when the period for exchange came round?—Never.

2167. Were they always withdrawn?—I do not recollect such a circumstance. The circumstance would press upon my attention. I should not fail to remind the party that the period was coming on.

2168. On which you would expect him to withdraw them and give other bills?—Yes, that would be the case unless it were so arranged that the party having them in deposit were to exchange them.

2169. The present loan was continued on from the 15th of July last down to the 27th of October last?—Yes.

2170. Had it been his habit to have loans with you continued on so long?—I have no immediate recollection of the date, but I can recollect that I have lent money for a week, a fortnight, and so on.

2171. Did any writing pass between you on the occasion?—None whatever.

2172. Have you ever heard from Morgan from whom he got those bills?—I have subsequently heard of his connexion with Mr. Rapallo, but not from himself.

[*The Witness withdrew.*]

Mr. *William Herbert Mullens*, sworn and examined.

2173. You are in partnership with Mr. Cole?—I am.

2174. You are brokers to the Bank?—We are.

2175. Did you personally have anything to do with a bill, No. 8284, which appears among others in the schedule?—Yes, I think that was the bill which we bought for Major Davies.

2176. Was that bought from Brown and Son?—Yes.

2177. Was that a transaction conducted by yourself or your partner?—It passed through my hands; we purchased it of Brown in the market, and delivered it to Smith, Payne, and Smith.

2178. At what period?—That bill was bought in the month of May. I have not the book with reference to that.

2179. Will you give the Commissioners any information within your own knowledge relative to the eight 1000*l.* bills which passed through your hands?—We sold those for the Bank of England on the 23rd of October, 1841.

2180. To whom did you sell them?—To William Scott and Son of the Stock Exchange.

2181. At what premium?—At 11*s.* premium. The bills produced 8210*l.* 10*s.*

2182. In what way did Scott and Son pay you?—They paid us that amount, 8000*l.* in bank-notes and a draft for 210*l.* 10*s.*

2183. It is the habit in selling for the Bank that the payments are made in notes?—Yes; the transactions are usually very large for them, and we usually receive the payments in bank-notes.

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Mr. W. H. Mullens. 20th May, 1842.

2184. Can you give the numbers?—8278 to 8282, and 8374 to 8376. On the 29th of December we replaced those bills with other bills.

2185. Was that in consequence of the opinion given by the Committee of the Stock Exchange?—No; we were applied to by Messrs. Scott: they demanded from us other Exchequer Bills in lieu of the bills so sold. We applied to the Bank respecting them, and they directed us to repurchase other Exchequer Bills in the market; and on the 19th of December we purchased 8000*l.* in the market, and delivered to Scott and Son, who gave us this acknowledgment (*producing it*).

"Delivered to us by Messrs. Cole and Mullens the undermentioned Exchequer Bills, viz.—

Nos. 3653, 3654, 7258, 7759 to 7763 | 8 | 1000 Exchequer Bills, dated 15th March, 1841, in lieu of 8000*l.* Exchequer Bills sold to us 23rd Oct. 1841, and detained by the Comptroller of the Exchequer.

"29th December, 1841." "Wm. Scott and Son.

2186. You do not yourself personally know where those Exchequer Bills came from?—They were handed to us at the Bank. We know where they came from, because the party who had lodged them at the Bank came to us on the subject.

2187. You had not purchased them for the Bank?—No; those 8000*l.* bills formed the subject of the action of the Bank of England against Tomkins.

2188. The premium at which those were sold was the regular premium?—Yes; it was the premium we received of the party to whom we sold them.

2189. Have you any other information relative to any of those bills which are entered in the schedule as claimed by the Bank of England?—No; I only know that they were lodged with the Bank as securities; that the party failed to redeem them at the proper time; they gave him two days' grace; and, failing to redeem them, they were sold, and shortly afterwards found their way to Coutts's; and on being sent to the Exchequer they were detained.

2190. You had nothing to do with the bills till they were brought to you to be sold?—No; the Bank of England delivered them to me, and I delivered them to Mr. Scott.

2191. From whom did you receive them?—I received them from Mr. Ballard, one of the cashiers of the Bank of England.

2192. Do you recollect on what day you received them?—On the 23rd of October.

[*The Witness withdrew.*]

Adjourned till Monday next at 12 *o'clock.*

Monday, 23rd May, 1842.

The EARL of DEVON in the Chair.

Mr. *George Robinson* further examined.

Mr. Geo. Robinson. 2193. Do you wish to make any addition to your evidence?—Yes, I omitted to state that, after Mr. Morgan had been introduced by Lord Strangford to Sir Edmund Antrobus and Mr. Coulthurst, in a private room, Mr. Coulthurst came out to me and mentioned the proposal of a loan of 40,000*l.* on the security of Exchequer Bills, and that the house had agreed to make it. He desired me to draw up a paper for signature. He said that the loan might be considered as made either to Lord Strangford or Mr. Morgan, and that it might pass either through his Lordship's account with the house or an account to be opened in the name of Mr. Morgan. He observed that there could be no risk in a loan on the security of Exchequer Bills, and therefore, that the transaction need not pass through Lord Strangford's account, and consequently it was passed through an account in the name of Messrs. Morgan.

2194. Did you know anything of Mr. Morgan?—I did not know him by sight, I knew him by name. I believed that Messrs. Morgan were the brokers of Lord Strangford, having seen their names in his account; but I did not know them by person, nor did I know their reputation at all.

2195. You mean that you had seen cheques paid to his name?—Yes, and money received. I knew there was such a house in the City, and that there were transactions between Lord Strangford and Messrs. Morgan.

[*The Witness withdrew.*]

Sir *Edmund Antrobus*, Bart., sworn and examined.

Sir Edm. Antrobus. 2196. On the 15th of October Lord Strangford and Mr. Morgan came to you in the Strand?—Yes, on the afternoon of the 15th of October Lord Strangford came to the Strand. He came into the house and into the room, he was in the habit of coming into, where the partners sat, and said that he was come to speak to us on what was rather an unusual business with him, which was to ask us whether it was a usual thing with us, as bankers, to lend money on a deposit of Exchequer Bills. We informed his Lordship that it was quite a usual thing with us to lend money in that way on a deposit of Exchequer Bills; but that it was not at all usual with us to lend it to any persons but those we knew or had in some way connexion with.

2197. Which of the partners were in the room at the time?—Mr. Coulthurst and myself were the only ones. Young Mr. Marjoribanks was there, but he had nothing whatever to do with the transaction. Lord Strangford then said that a friend of his, for whom he was very anxious to obtain an advance of money on a deposit of Exchequer Bills, was with him, and he would be very much obliged to us if we would let him have some money upon them. We told him that if it was a friend of his he was anxious to oblige, we should have no objection on a deposit of such a security, as they seemed to be Government security, perhaps what may be considered the best of all Government security, because it is subject to so little fluctuation. We then said, "But where is your friend?" and Lord Strangford said "Oh, he is at the door." We said, "We had better send out and ask him to come in." Lord Strangford said, "I will not give you that trouble, I will go out and bring him in." He went out and introduced Mr. Morgan, a person we were not acquainted with, but whom he introduced to us as a particular friend of his, and whom he was very well acquainted with. Lord Strangford explained that the reason he came to ask us to make this loan was, that Mr. Morgan, upon applying at the Bank of England, had been informed that though the Bank had been lending money upon Exchequer Bills they had ceased doing so, because the dividends were paid. They called in all their loans by the 21st of October, and this being only the 15th they were not disposed to lend any more money. He also stated that his, Mr. Morgan's banker, to whom he had also applied, informed him that it did not suit his arrangements to lend the money, and from being disappointed from both of these sources, he came to us to ask us whether we would oblige his friend at his request. When Mr. Morgan was there we said, "That under these circumstances, and on a security of that nature, we would let him have the money." Then I originated the question, whether, as we did not know Mr. Morgan, we should not advance the money upon Lord Strangford's account, and let Lord Strangford give Mr. Morgan a draft for the amount. Lord Strangford immediately observed, "Oh, advance it on my account or advance it on an account in the name of Mr. Morgan, it is all the same thing." We did not wish to raise any question as to Lord Strangford's friend; we knew nothing of the man, and had no reason to suppose anything against him; and with a security of that kind we did not make the advance upon Lord Strangford's own account, by which we should certainly have held him responsible for the loan as well as Mr. Morgan. And we advanced it on an account in the name of Messrs. William and James Morgan.

2198. Do you know which of the Messrs. Morgan it was who called at your house?—It was William Morgan.

2199. What then passed?—Mr. Morgan said, "He would like to have the loan for two or three months, and at 4 per cent." Our answer to that was, that the Bank of England had been lending their money on the same security at 5 per cent., and that we were always guided in the rate of interest which we charged by the rate charged by the Bank; and that under these circumstances we could not let him have it under 5, but that we would let him have it at 5, and let him have the loan for a month; and that at the expiration of that period it would be for him to come up to the Strand if he wished the loan to be continued, and to see us two or three days before the loan expired, and see whether it suited our arrangements to let it go on, or it might not suit him to continue it, and he might wish to pay it off. That was the arrangement made, and Lord Strangford joined in impressing it upon Mr. Morgan's mind that he must understand that the loan was for a month, and that a few days before the expiration of the month he was to come up to us and ascertain whether we would continue it. The memorandum which we took from Mr. Morgan, I understand, is before the Commissioners, stating the amount of the loan, the rate of interest, and that the bills were to be sold at the end of the month, provided they were not redeemed.

2200. By whom was that memorandum prepared?—It was prepared by Mr. Robinson, our clerk.

2201. Was it brought into the partners' room, and the transaction completed there?—Yes, it was brought into the partners' room by Mr. Robinson, who has the charge of all our securities; and he was then present from that time until the time that Mr. Morgan left the office.

2202. Were you present when the transaction was completed by the handing over the Exchequer Bills?—No; after the memorandum was brought in Mr. Robinson brought the notes. Mr. Morgan said, "He would take only 5000*l.* that day;" and Mr. Robinson brought in 5000*l.* of notes. After that there arose some question about the Exchequer Bills; but the impression upon my mind is that I was not present when that occurred. I think that somebody came into the outer office, and that I saw them, the door into that office being open, and that I left that inner office, leaving Mr. Coulthurst and Mr. Morgan with Lord Strangford and Mr. Robinson; and the impression upon my mind is that I was not present when that discussion took place about who had got possession of the bills. Lord Strangford, in his answer to the Bill of Discovery, says that I made an observation about the bills, and observed that a parcel containing 40,000*l.* Exchequer Bills would be so bulky it would be impossible any man could doubt whether he had them about his person or not; but I really cannot call that to mind, more particularly because I remember being in the outer room at the time Mr. Morgan went out of the office; and it appears to me probable that the moment he found he had them not in his possession he would leave the room to fetch them; and I remember observing the great hurry in which he left the office, which I could not at the moment account for.

2203. In point of fact he came back, but what passed afterwards was between him and Mr. Robinson?—Yes; he came back close upon five o'clock, and I was not there at that time. He took 5000*l.* of the money that evening; and the next day he called, and Mr. Robinson saw him then also.

Examinations.

Sir Edm. Antrobus.
23rd May, 1842.

2204. Do you remember whether the conversation occurred about application being made to the Bank of England, and to Mr. Morgan's bankers, before Mr. Morgan came into the office or afterwards?—I think Lord Strangford mentioned it before he came into the office, giving that as the reason of his coming to ask us, as his bankers, whether we would make the loan.

2205. You never had had any transaction in business with Mr. Morgan?—Never before that period; we did not know him by sight; it was entirely on Lord Strangford's introduction that we entertained the loan at all.

2206. Is it the habit of your house to lend large sums on Exchequer Bills?—Continually. We should prefer them to stock, because stock is subject to fluctuations in price, which Exchequer Bills are never subject to.

2207. In point of fact, it is the habit of the house to lend large sums?—Yes; we lend money on Exchequer Bills, and hold Exchequer Bills to a large amount for the same reason.

2208. Were you present afterwards when Mr. Morgan came to the house at any time?—Yes; on the Thursday morning, which was the 27th I think of October, our broker sent us up word that Mr. Morgan had stated that we held a great number of these bad bills. We immediately sent them down to the Exchequer on the Thursday, and they were examined, and were all declared to be bad but one.

2209. Did you send them by Mr. Capel?—Yes; I happened to be out of town on the Thursday; the next morning, when I returned to London, Mr. Coulthurst told me that those bills were bad, and begged I would go up immediately to Lord Strangford and see him about them. I went up to Lord Strangford; I found him at home; he was sitting in his library looking out some books, and he said something about the dusty state his books had got into, and then he said, "By the by, what is this story about your Exchequer Bills?" I said, "That, my Lord, is the very subject I came to speak to your Lordship upon. I am sorry to say that those Exchequer Bills you and Mr. Morgan brought to us, and which we advanced our money on at your Lordship's request, are all bad." He said, "Good God! I am very sorry for it. What can I do?" I said, "The only thing you can do is that you should go into the City, and see Mr. Morgan, and see whether you cannot get any other security in lieu of those bills." He said, "Oh, I will do all I can to get other security; I will go directly." I came away and went down to the banking-house. In the course of a couple of hours Lord Strangford and Mr. Morgan called at the banking-house, and were shown into the private room; and I said to Mr. Morgan, "Mr. Morgan, I am sorry to say those bills are all bad which you brought us." "What," says Mr. Morgan, "do you mean to say, Sir, that every bill is a bad one?" "Why," I said, "I have been given to understand that the bills are bad, but I think I heard something about one bill amongst the number being good; I did not hear that very distinctly, but I will go and inquire." I came out and found that there was one good bill among them. I returned to Mr. Morgan and told him there was one bill which was declared to be a good bill, when he said, "Well, Sir, I was sure there was one good bill amongst them, for, when I looked over the parcel I was going to bring up, I found there was one bill short, and I took a bill out of another parcel." We said, "What can you do? what other arrangement can you make? You must give some other security." Mr. Morgan said, "He was afraid he could get no other security; he had none himself, and he did not know where he could get any other security." He said as little as he could, and what he did say was very unsatisfactory.

2210. He did not at that time refer you to any principal, or say he was acting for any principal?—No; he did not make use of any other person's name.

2211. Did you see him afterwards?—I think he came up afterwards. Mr. Coulthurst did not see him upon that occasion, I think, but he came up at another time, and Mr. Coulthurst and I both saw him, and then pressed him as hard as we could to find some other security. He said some Spanish bonds had been bought with part of the money, but he believed they had been sold again. He gave us generally to understand he could get at nothing else to give us in lieu of those bad bills.

2212. Was Lord Strangford with him on either of those occasions?—Lord Strangford was with him the first time; he went into the City and brought Mr. Morgan back to the Strand.

2213. Had either of them, upon the occasion of making the loan, explained to you for what particular object the money was wanted?—Not at all. Lord Strangford afterwards, in a conversation with Mr. Coulthurst and me, said that Morgan had stated to him that it was a case of life and death with him to be able to get this loan made, and we immediately said to Lord Strangford, "Why, good God! when a man told your Lordship he had got 40,000*l.* of Exchequer Bills in his possession, and that he was not able to get money on such a security, you should have told us, for that would have raised a suspicion in our minds, as we know that the security is marketable any hour of the day; if you had told us that, we should have been more upon our guard in making this loan." Lord Strangford said "it did not strike him in that light."

2214. If it had been a matter of life and death with him, would there have been any difficulty in raising the money by the sale of the Exchequer Bills, if they were his?—None at all; if he knew he could have gone into the market and sold those bills he might have raised the money in that way. The only object in a man borrowing money on Exchequer Bills is that, if he wants to borrow it for a short time, he saves the difference of the selling price and the re-purchase, and he saves two brokerages, and that, perhaps, might be more than the difference of the rate of interest paid upon the loan.

2215. He saves two brokerages if he has occasion to re-invest?—Yes; if he wants to raise money for a month, instead of selling to-day and buying back again at the month's end, he borrows the money and avoids that, and avoids also the two different prices in the market, the one price at which the jobber would buy, and another at which he would sell.

2216. That is what is called the turn of the market?—Yes; which is the jobber's profit.

2217. The brokerage is 1*s.* per cent.?—Yes, and the turn of the market is also generally 1*s.*; but, generally speaking, the object for which a man borrows money on Exchequer Bills, instead of taking them into the market, is in the hope that the premium on the bills may rise during the loan, so as to remunerate him, and enable him to pay the difference of interest.

2218. Do you recollect at what rate of interest Exchequer Bills stood at the time of this transaction?—2¼*d.* per diem.

2219. When Mr. Morgan said, "Do you mean to say that every bill is a bad one?" that was in consequence of a communication by you that the bills were found to be bad?—Yes, as I understood it. Mr. Coulthurst, when I came in on the Friday morning, said generally, "That security Mr. Morgan and Lord Strangford left the other day is bad: the bills are bad."

2220. It was upon your communicating that he made use of the expression, "Do you mean to say that every bill is bad?"—Yes. "What, Sir, are they all bad?"

2221. Did it appear from what fell from him that that was the first time he had had the fact communicated to him that the bills were bad, or did he use any expression which intimated that he was aware that the bills were bad?—I have stated in my previous evidence that Mr. Morgan had said Messrs. Coutts and Co. held some of these bad Exchequer Bills; my intimation to him subsequently of that fact, could not therefore have surprised him, but I understood his surprise to allude to my statement that *all* the bills were bad, as he considered there was one good bill among them.

2222. Judging from what passed between you, did anything occur which led you to infer that he had heard the fact before you mentioned it?—No.

2223. You have said that it is the constant habit of your house to lend on Exchequer Bills: is it the constant habit of all other bankers, more or less?—Yes.

2224. With reference to the rate of interest generally taken on such transactions, is it the habit of your house to take 5 per cent., or does it vary?—It varies according to the price in the market. We cannot always get that. At present, money is about 3 per cent.

2225. The rate of interest on loans on Exchequer Bills does vary from time to time?—Yes, according to the scarcity of money in the market, and without reference to the interest on Exchequer Bills.

2226. You say that has been the rate of interest recently at the Bank?—Yes. The Bank generally gives notice at the time the books close, previous to the payment of the dividends, that they are ready to lend money on Exchequer Bills, or good bills, at a certain rate of interest. At that time they gave that notice, and they had lent their money at 5 per cent. The last time the Bank gave notice to lend money—namely, in April last—they lent it at 4 per cent. They had given notice in the beginning of September for lending at 5 per cent.

2227. That was both on Exchequer Bills, and the deposit of Bills of Exchange?—Yes.

2228. Is the rate of interest taken by the Bank, on the deposit of Exchequer Bills, ordinarily the same as on good bills?—It is.

2229. This you state took place on the 15th of October?—Yes.

2230. How long before had the Bank discontinued lending?—I am not aware; but we were informed by Lord Strangford that Mr. Morgan had met Sir John Reid—indeed, Sir John Reid told me so. The dividends were paid on the 12th, and this was the 15th. They require all their loans to be paid off by the 21st. The object for which they lend money on Bills of Exchange, and Exchequer Bills, had ceased, for the dividends were paid: therefore there was not the same scarcity of money which takes place for six weeks before the dividends are payable.

2231. The last transactions of the Bank in lending money would furnish the rule for you in lending this money?—Yes.

2232. That was at 5 per cent.?—Yes.

2233. Do you think that 5 per cent. was the full rate of interest at this time?—It was the full rate of interest, and it was the same the next day.

2234. Supposing it had been for a week, and renewable, would you have said that 5 was still the full rate of interest?—Yes; I think it would have been at the same price.

2235. What would you have said on that day of 7 per cent. being paid on a loan on Exchequer Bills, the loan being renewable from week to week?—I do not like anything beyond 5.

2236. You were stating something about an application to Sir John Reid?—Yes; Lord Strangford stated, when he came up, that Mr. Morgan had seen Sir John Reid, and he had gone to the Governor and asked whether the Bank would lend some money on Exchequer Bills, and the Governor said, "No; he had ceased to make any further loans."

2237. Did you understand from Lord Strangford that Morgan had told him that that application had been made to the Bank?—Yes; Lord Strangford mentioned this before Morgan came in.

2238. Was that referred to after Morgan came in?—No, I do not think there was any allusion made to it after that.

2239. When Lord Strangford stated that application had been made to the Bank of England, did he state that as an application he had heard of from Morgan?—Yes; I understood him to say that his friend had applied to the Bank of England, and had applied also to his own bankers.

2240. Was the name of Morgan's banker, to whom the application was made, mentioned?—No, it was not.

Examinations.

Sir Edm. Antrobus. 23rd May, 1842.

2241. Upon the whole, was there anything unusual in the transaction of your house with Lord Strangford and Mr. Morgan?—No, it was a regular usual matter of business, making a loan of that description.

2242. The only particularity was, that it was made to a person who was a stranger, and was therefore made in consequence of the introduction of that stranger to you by a customer of the house?—Yes, it was done entirely in consequence of his being introduced to us by a person who was a customer of our house, and who was well known to us.

2243. Was it considered a matter of favour to an individual to advance to him at 5 per cent. on such a transaction?—We considered that we were doing an act of kindness to Mr. Morgan, and doing an obliging thing to Lord Strangford, from the way in which he asked it.

2244. Were you present when Lord Strangford made any acknowledgment of your having done him a great service, or a great kindness?—Yes, that was previous to Lord Strangford's going away. After Mr. Morgan had left the office I went into the room again, and Lord Strangford then said to Mr. Coulthurst and to me, "You have done an act of kindness immediately to that man," pointing to the seat in which Mr. Morgan had been sitting, "and mediately to myself."

2245. How did you understand that expression?—Not only that expression, but everything else that passed; Lord Strangford saying the loan might be made on his account or Mr. Morgan's, that it was all the same thing; and the question as to which had the Exchequer Bills led us to infer that Lord Strangford was very much interested in the loan, if he was not in fact the owner of the bills. It seemed an odd thing that Mr. Morgan should suppose that Lord Strangford had brought up his property.

2246. Are you aware of anything having been said by Sir John Reid?—Sir John mentioned to me that Mr. Morgan had been to him, and that it was true that Morgan had come to the Bank of England to ask them to make that loan.

2247. You say you did not know Mr. Morgan; did you know who and what he was?—No, I did not know him by sight. I knew there was a man of the name of Morgan in the City; but we were not any of us acquainted with him, and did not know whether it was him or any body else of that name.

2248. When he said that he took a bill out of another parcel, do you recollect any other expressions he used in reference to this subject?—No; at one time he said, when we blamed him for having delivered those bad bills, that he had sent his bills to the Exchequer and had them examined, and that they were all approved; and therefore he considered that all the bills in his possession were good.

2249. Did he appear surprised when you told him they were all bad?—He appeared only surprised that they were *all* bad, because he considered that there was one good one. I do not think there was any further surprise than that.

2250. Does any other circumstance occur to you?—No, I am not aware of any facts that I have not stated.

2251. Can you state the number of the Exchequer Bill which proved to be good?—It is 7384, of the 15th of March, 1841, which we have since exchanged.

[*The Witness withdrew.*]

Mr. *Charles Bolton* sworn and examined.

Mr. Charles Bolton.

2252. You are one of the cashiers in the house of Messrs. Coutts and Co.?—I am.

2253. Have you one of the books of that house?—Yes.

2254. One of them is kept by yourself?—It is.

2255. Will you turn to the entry of the 15th of October, 1841?—This is it (*producing it*).

2256. Was any payment made on that day on account of William and James Morgan?—Yes; 5000*l.* upon a draft signed by those parties, William and James Morgan, as a debit to their account.

2257. Will you give the numbers of the notes by which the 5000*l.* was paid?—Nos. 63,618, 61,114, 63,080, 62,812, 60,920; notes of 1000*l.* each, all of the 1st of January, 1841.

2258. Did you make that payment?—No, I did not make that, but I made that on the following day; the entry is made by Mr. Richard Minshaw.

2259. You made the payment on the 16th of October?—Yes.

2260. In what numbers?—60,694, 60,695, 60,696, 60,697, 60,698, 65,114, 65,115, 65,116, 65,117, 65,118, 65,119, 65,120, 65,121, 65,122, 65,123, 65,124, 65,125, 65,126, 65,127, 65,128, 63,327, 63,328, 63,329, 59,251, 59,252, 59,253, 63,347, 62,949, 64,337, 64,407, 64,379, 57,992, 60,372, 64,235, and 64,239, each of 1000*l.*, of the date of the 1st of January, 1841.

2261. What is the book you have produced?—The waste book, in which the original entries are made; they are both waste books.

[*The Witness withdrew.*]

Mr. *James Ballard* sworn and examined.

Mr. James Ballard.

2262. You are in the office of the chief cashier of the Bank?—I am.

2263. Do you recollect at any particular time taking some bills, 8278 to 8282, to Messrs. Cole and Mullens?—Yes, 8278 to 8282, and 8374 to 8376; he brought 11,000*l.* bills; 8000*l.* were sold; 8374 to 8376, and 8278 to 8282.

2264. Were you the person who took these bills to Messrs. Cole and Mullens?—I delivered them to Mr. Cole for the purpose of being sold.

2265. By whom had they been deposited at the Bank?—By Mr. Harry Tomkins.

2266. With whom personally were they deposited?—Myself.

2267. So that you state of your own knowledge that they were brought as deposits by Tomkins to the Bank?—Yes, for the purpose of receiving a sum of money advanced upon them.

2268. How long was that before you carried them to be sold?—On the 23rd of September he deposited them with the Bank for the purpose of receiving a loan.

2269. The loan had expired when you carried them to be sold?—Yes.

2270. On what day did the loan expire?—On the 21st of October.

2271. Did you carry them to be sold on the 21st, or a day or two afterwards?—We gave him two days, and finding he could not find the money, we sold them in the public market.

2272. At what rate of interest did the Bank make the loan?—At 5 per cent.

2273. Mr. Tomkins is a stock-broker?—Yes.

2274. Where does he live?—I do not know his domestic residence; he is on the Stock Exchange.

2275. Have you been in the habit of advancing money to Tomkins on the deposit of Exchequer Bills?—Yes, for two years previously; never but on Exchequer Bills.

2276. Can you give the numbers of the Exchequer Bills on which you have made previous advances?—We can.

2277. Those transactions equally went through your hands?—Yes.

2278. Of course the loans on former occasions had been repaid?—Yes; the Bank are exceedingly severe with any defaulter, and immediately, as in this case, sold the Exchequer Bills in the open market to restore their bank-notes; a person once failing could never get anything done a second time.

2279. Did the former loans go through your hands in the same manner as this?—Invariably.

2280. Were the two days given on the application of Tomkins?—The loan was to be redeemed on the 21st of October; he came and redeemed 3000*l.*, and said he would redeem the remainder on the 22nd. We gave him the whole of that day, but he did not, and the next morning we gave them over to Cole and Mullens.

2281. He said he would redeem the 8000*l.*?—Yes, if he could get the bank-notes.

2282. Can you give the numbers of the three bills which Mr. Tomkins redeemed?—Yes; Nos. 8377 and 8378, dated 15th of March, 1841, and No. 7068, dated in June.

[*The Witness withdrew.*]

Mr. *William Townsend* sworn and examined.

2283. Are you a broker?—No.

2284. You appear in the schedule to be the holder or claimant of 3000*l.* Exchequer Bills?—I am clerk to Mr. Lewis Levy, and as such I presented them.

2285. Will you state how these bills came into your possession?—I merely presented them for Lewis Levy at the Exchequer Bill Office.

2286. From whom did you receive them?—I received them from Mr. Levy to present for examination.

2287. Do you know anything of them, in what way they came into his possession?—Mr. Levy gave bank-notes for them.

2288. Were you a party to that transaction?—I have almost always been present on the occasion.

2289. Were you present when he received those particular bills?—Yes, I was present.

2290. When was it?—On the 15th of October last.

2291. From whom did he receive them?—He received them from a gentleman of the name of De Berckem.

2292. Where was that?—At a small office he has close to the Stock Exchange.

2293. An office of Mr. Levy's?—Yes.

2294. What is Mr. De Berckem?—He is a member of the Stock Exchange.

2295. What was the transaction between Mr. Levy and Mr. De Berckem?—Mr. Levy used to lend money on Foreign Stock and on Exchequer Bills.

2296. What is Mr. Levy's principal business; is he a broker?—He farms the tolls, and he farmed the post-horse duties for many years. He lends money from fortnight to fortnight, every fourteen days.

2297. What passed between Mr. De Berckem and Mr. Levy upon the occasion of Mr. Levy's becoming possessed of these three bills?—Mr. De Berckem brought them to him and asked him to lend him money upon them.

2298. What money was advanced upon them?—He always advanced the whole amount, and then they agreed as to the interest.

2299. Was the whole money advanced in this particular transaction?—Three notes of 1000*l.* each, or a check upon Mastermans. I cannot say which.

2300. At what interest was that advanced?—Mr. Levy did not receive any interest upon those particular bills. It was after the close of our business. He came and asked him to lend him 3000*l.* He said, "Have you got any money over?" We have sometimes large balances over on the settling day. He asked him to lend him money on those three bills, and he said "Very well."

2301. For what time is a loan of that kind made?—Merely from day to day.

2302. Was no interest charged?—I do not think he had any interest on those bills. He has done a great many of those bills.

Examinations.

Mr. W. Townsend. 23rd May, 1842.

2303. The loan would become due on the 16th?—It was merely from day to day.

2304. When did Mr. Levy or either party do anything to put an end to the loan?—Mr. Levy never had any money from him afterwards. He never had any further transaction after the 15th of October.

2305. Did nothing pass between him and De Berckem afterwards?—Nothing afterwards. I was never present at any conversation afterwards upon it.

2306. Would that transaction be entered in any book or memorandum?—It would be entered in Mr. Levy's own book. He keeps his own book.

2307. That is all you know about it?—Yes.

2308. When was it you were desired to take them up to the Exchequer?—I think I took them up in November, but I marked them on the back.

2309. Look at those bills now produced to you, and state whether they are the bills you took up?—They are.

2310. Does your name appear endorsed upon them?—Yes.

2311. Have you the receipt of the Comptroller of the Exchequer?—Mr. Levy has it. It appears that it was on the 19th of November I took them up.

2312. Have many transactions of loans on Exchequer Bills taken place between De Berckem and Levy in your presence?—Yes, sometimes at 4 per cent., sometimes at 4½, sometimes at 5 per cent. At various rates of interest.

2313. Were they always for short periods?—Always from day to day.

2314. What was the longest period you remember a loan from day to day continuing?—Fourteen or fifteen days. Never longer.

2315. Do you recollect how the money was advanced to De Berckem?—Always by a check on Mastermans, or bank-notes; whatever he liked to have.

2316. How was it in this particular transaction?—I think it was in three 1000*l.* bank-notes.

2317. Were those previous transactions between De Berckem and Levy always on Exchequer Bills?—Yes, I believe so.

2318. And always loans from day to day, varying as to the rate of interest?—Yes, from 4 to 4½, 5 to 5½.

2319. Is 5½ the highest that you recollect?—It depends upon the rate of interest we got on Foreign Stock. Sometimes we might get 8 per cent. on Foreign Stock.

2320. What is the highest rate, in point of interest, ever taken by Mr. Levy, of Mr. De Berckem, on Exchequer Bills, on any occasion?—I think 5½ was the highest rate.

2321. When was the 5½ given?—On some previous transactions in the course of the year.

2322. Cannot you give the date more nearly?—No, I cannot: it was on a settling day.

2323. Would that appear in your books?—Yes; it would appear in Mr. Levy's banking-books. It will not appear what is the rate of interest: the rates of interest would be in his private books.

2324. What would appear in the bankers' books?—The amounts he advanced: they were always by bank-notes, or cheques on Masterman or the Bank of England.

2325. By his private book and his cheque book together, the date of the transaction may be ascertained?—Yes.

2326. You were understood to state that Levy made loans from 14 days to 14 days?—Yes; that is on Foreign Stock.

2327. Was it on Foreign Stock only?—Sometimes we have had Exchequer Bills, but it never has exceeded 14 days.

2328. Sometimes he lent on Exchequer Bills from 14 days to 14 days?—Very rarely, but he has done so.

2329. On the occasion when the advance was at 5½ per cent., was it a loan for 14 days?—No, only from day to day, when money has been very plentiful.

2330. What is the largest amount you have known to be advanced by Mr. Levy to Mr. De Berckem on Exchequer Bills?—I think 5000*l.* or 6000*l.* at a time.

2331. Was the preceding advance always redeemed before a further advance was made?—Yes, I think so.

2332. Will you state, as nearly as you can recollect, exactly what passed between Levy and De Berckem upon the occasion in question?—Mr. De Berckem came to him and said, "Have you any money over to-day?" Mr. Levy said, "No, I do not know that I have." He said, "We have closed our account to-day. What do you want?" "Why," he says, "I want about 3000*l.* on Exchequer." He says, "Very well. At what rate?"

2333. Who said, "At what rate?"—I think De Berckem said, "At what rate?" He did not say anything about the rate of interest. He gave him three 1000*l.* bank-notes.

2334. The question was asked, "At what rate?"—Yes; but I do not think he made any answer. I did not hear any answer.

2335. In point of fact, no interest was taken?—No.

2336. Did any note or writing whatever attend the transaction?—No; only the delivery of the bills.

2337. On any former transaction, did any writing attend the transaction?—I do not recollect any.

2338. Were you always present?—Almost always.

2339. From what period do you think this course of transactions had been going on between Mr. Levy and Mr. De Berckem?—I think for about a twelvemonth; but that will appear by Mr. Levy's bankers' books.

2340. You are not aware of any transactions between them more than a twelvemonth before?—No.

2341. Were they at all otherwise connected in business?—Not at all.

2342. Has Mr. Levy any other business besides farming tolls, and lending money on security?—No; nothing else. His principal business is lending money on Foreign Stock to all the people in the house.

2343. No rate of interest was fixed, you say, on this transaction?—No.

2344. In what manner was the return usually made?—Mr. Levy always stipulated to have bank-notes for his bills. He gives bank-notes or cheques. He offers them always bank-notes, or cheques on Masterman; but he always stipulates to have bank-notes in return.

2345. You do not know whether Mr. Levy has taken any steps against De Berckem to recover the amount?—I do not know of any steps.

2346. Had former loans been made without interest?—No, but he had nothing for this. I think he has had nothing several times.

2347. Were there mutual transactions of loans between De Berckem and Levy?—No; Mr. Levy never borrows money.

2348. You say, on the particular transaction no interest was charged?—No, it was after the day's account, and he had got plenty of money over.

2349. Did it frequently happen, on former transactions, that he had made loans without interest?—Yes, it has occurred that he has after the day was over, and when he had plenty of money.

2350. You say there had been many transactions of loans on Exchequer Bills between Mr. Levy and Mr. De Berckem?—Yes.

2351. In those former transactions had interest been taken, or not?—Interest had been taken varying from 4½ to 5½.

2352. Those being loans from day to day?—Yes; they might have been put into our box at Masterman's from day to day, but he generally took them home with him.

2353. The course of dealing in this transaction was an exception to the ordinary course?—Yes, but there may have been another case of the same kind.

2354. Why did they depart from the ordinary course in this instance?—I do not know indeed.

2355. You have said that the longest period you have known the loans to continue was fourteen or fifteen days?—Yes.

2356. What do you think would be the average period that the loans continued—would they continue for a week?—Sometimes Mr. Levy had a large sum of money by him, and did not want the return of the money.

2357. The longest period you have known a loan to continue was fourteen or fifteen days?—Yes, and that I never knew but once or twice.

2358. Do you mean that it was very seldom they did not come to a settlement the next day?—It was very seldom that the loan exceeded seven or eight days on the average; he always said, "If I want the money to-morrow I am to have it."

2359. But, on the average, the money remained outstanding for seven or eight days?—Yes.

[*The Witness withdrew.*]

Mr. *Lewis Levy* sworn and examined.

Mr. Lewis Levy.

2360. Have you a counterpart receipt from the Exchequer agreeing with that which is now shown to you?—I have. (*Receipt produced for Nos.* 8437—8439).

2361. Is Mr. William Townsend your clerk?—He is.

2362. What are the numbers to which that receipt refers?—Nos. 8437, 8438, and 8439, were the bills sent in by my clerk; those are the bills. I have other bills also besides those.

2363. Will you explain to the Commissioners how you became possessed of those three bills which you have so taken up to the Exchequer?—I had some transactions with De Berckem last year in Exchequer Bills, perhaps not more than once or twice, but they had nothing to do with any of those bills. The first transaction relating to those bills was on the 12th of July last; he had asked me whether I had any money to lend on Exchequer? I told him "Yes, I had no objection," and I lent him 5000*l.* on the 12th of July; that was to be lent for four days at 4½ per cent.

2364. Was that on Exchequer Bills?—Yes.

2365. What were the numbers?—I had 20,000*l.* worth of bills, in the whole, of De Berckem, at different periods, and here are the numbers, but he paid me off 4000*l.*

2366. Can you give the numbers of the sixteen?—I can; they are 7072, 7074, 7075, 7083, 7084, 7085, 7087, 7088, 7089, 7090, 7091, of June, 1841; 8437, 8438, 8439, 8440, and 8441, of March, 1841.

2367. Can you state the numbers of the remaining 4000*l.*?—I cannot, without reference to my account at Masterman's. When I got those bills from De Berckem, those I did not borrow money on I paid into Masterman's, and Mastermans entered them in the book.

2368. You will be able to ascertain the numbers of the remaining 4000*l.* if required?—Yes.

2369. Will you state the nature of the transactions between you and Mr. De Berckem?—On the 12th of July I paid him 5000*l.*; here are the checks; 2000*l.* by a cheque on Masterman's, and 3000*l.* by a cheque on the London and Westminster Bank, and here are my bankers' books (*producing the same*).

Examinations.

Mr. Lewis Levy.
23rd May, 1842.

The cheques were read as follow:—

" 35,
" *No.* 9592 V. *Nicholas Lane, London,* 12*th July,* 1841.
6 21

" *Masterman, Peters, Mildred, Masterman, and Co.,*
" *Pay Mr. F. de Berckem, or bearer, two thousand pounds.*
" £2000. " LEWIS LEVY."

" *No.* 4101. *Westminster,* 12*th July,* 1841.
" *London and Westminster Bank, No.* 9, *Waterloo Place.*
" *Pay to Mr. F. de Berckem, or bearer, three thousand pounds.*
" £3000. " LEWIS LEVY."

(*The bankers' books were inspected by the Commissioners.*)

2370. What were the numbers of the Exchequer Bills you got for those 5000*l.*?—I cannot tell; they were all put together.

2371. What was the date of the next transaction?—The 24th of August he had 5000*l.* more, and I paid that by a cheque of 4000*l.* upon Masterman, and 1000*l.* on the London and Westminster Bank; here are the cheques (*producing them*).

The same were read as follow:—

" 35,
" *No.* 12839. *Nicholas Lane, London,* 24*th August,* 1841.
7

" *Masterman, Peters, Mildred, Masterman, and Co.,*
" *Pay Mr. F. de Berckem, or bearer, four thousand pounds.*
" £4000, " LEWIS LEVY."

" *No.* 4101. *Westminster,* 24*th August,* 1841.
" *London and Westminster Bank, No.* 9, *Waterloo Place,*
24
" *Pay to Mr. F. de Berckem, or bearer, one thousand pounds.*
" £1000. " LEWIS LEVY."

2372. For how long was that loan, and at what rate of interest?—When I lent De Berckem this money I lent it to him in this way: I was to have it any day I liked, by letting him have notice before twelve o'clock in the day; and if he did not pay me I was to sell the bills.

2373. At what rate of interest was this loan made?—At five per cent. it was to be; the next loan was on the 31st of August; he had 10,000*l.* on loan on that day.

2374. How was that paid?—It was to be at five and a half per cent.; and if he kept it longer than the next foreign account day he was to give me a half per cent. more.

2375. How long was it to the next foreign account?—There are two foreign accounts in the month; they generally manage it that one is in the middle and the other the latter end of the month. The 10,000*l.* took place on a foreign account day, the 31st of August, and the next would be about the 15th of September.

2376. How did you pay for that 10,000*l.*?—I have a little office at the Hercules tavern, near the Stock Exchange. De Berckem came on that day and asked me if I could let him have money on Exchequer. I told him I could a little, but had not a great deal of money to spare that day. There was a gentleman, Mr. Watton, extensively engaged with the turnpikes. He said, Well, I should like a few of those Exchequers myself, if you are short of money. I said, you may have them. He gave a cheque for 2000*l.*, and 1000*l.* Bank note. The cheque I handed over to De Berckem (*producing the cheque*).

The same was read as follows:—

" 31 | 8 349
B.N. $\frac{L}{A}$ 96453. *London,* 31*st August,* 1841.

" *To the Cashiers of the Bank of England,*
" *Pay to Mr. Levy, or bearer, two thousand pounds.*
" £2000. " *W. S.* WATTON."

2377. Where does Mr. Watton live?—His town residence is in Hercules Buildings, Lambeth; he is very extensively engaged in turnpikes. There is a cheque on Masterman's for 5200*l.*

The same was read as follows:—

" 35,
" *E* 7874. *Nicholas Lane, London,* 31*st August,* 1841.
" *Masterman, Peters, Mildred, Masterman, and Co.,*
" *Pay Mr. de Berckem, or bearer, five thousand two hundred pounds.*
" £5200. " LEWIS LEVY."

2378. *Mr. Levy.* Besides these cheques for 2000*l.* and 5200*l.* I handed over to De Berckem 2800*l.* in Bank notes. I called in a loan I had that day of 2800*l.* De Berckem seemed so pressing, I called in a loan on Spanish stock; these are the numbers of the notes—51,627, the 1st of

January, 1841, and 52,856, each for 1000*l.*; 97,768, of the 2nd of March, 500*l.*; and 37,931, of the 3rd of February, for 300*l.*: they were had from Glyn's Banking-house on a cheque. Here are the entries in the bankers' books of the payments, August 24th, 4000*l.*, and the 31st of August, 5200*l.*

2379. What were the numbers of the Exchequer Bills you got for that loan of the 31st of August?—I do not know, as I before stated, they are all together.

2380. What is the date of the next loan?—There was no other. I subscribed to the scrip on the 25th of September. I wanted money to pay my first instalment. I had 1000*l.* of De Berckem that day, and 3000*l.* another day. I went to Masterman's and took out the bills indiscriminately. I had given them in at Masterman's to be entered in a book, and I knew therefore they were all his bills.

2381. Whatever bills were given you were carried to Masterman's?—No; for Watton and my son had some also.

2382. How much in the whole did you have?—20,000*l.* was the whole I had. On the 12th of October I sent for De Berckem's clerk, and said I would wish to be settled with for the interest; that I did not wish it to go on; and I received a cheque on the Commercial Bank for 179*l.* 6*s.* 4*d.*; and then, long before any of this piece of work began, I said I should wish to have a proper understanding about those bills; what rate of interest I was to have. I did not understand about, according to the rate, one day four and a-half, and another day five and a-half, and another day four; what am I to have now? and we agreed for five per cent. from that day. Here is the statement with regard to the 179*l.* 6*s.* 4*d.* That is the writing of De Berckem's clerk.

The same was read as follows:—

			£.	*s.*	*d.*
" July 12—July 15	5,000	4½	1	17	0
July 15—July 30	5,000	5½	11	6	0
July 30—Sept. 27	5,000	5	40	8	3
Sept. 27—Oct. 12	4,000	6½	10	13	8
Aug. 24	5,000	6	40	5	6
Aug. 31	10,000	6½	74	15	11
			£179	6	4

" Oct. 12, 1841."

Mr. *Levy.* I paid that into Masterman's on the 12th of October, along with another cheque.

2383. Did those three Exchequer Bills, the receipt for which you have produced, come into your hands for a specific loan of 3000*l.*?—No; there was no specific loan of 3000*l.*

2384. Do you remember De Berckem coming to you any day after you had closed the business of that day, and asking you for some money, about the 15th of October?—Yes; I will state what occurred on the 15th of October. I said I wanted some money, and he agreed to pay me some; and he did pay me some; and he threw a parcel of bank-notes on the table. As I was staying late, after I had made up my accounts, I said, "This is a strange time of day to come; I wanted the money before this; I could have lent it on Foreign Stock." He said, "I came as soon as I could." He threw down, I think, 7000*l.* worth of bank notes on the table. He said, "You must take these." I said, "It is a strange thing now. I do not want to take this money home with me; I have made up my account at the bankers'." I said, "I will not be bored with the money at this time of the day; I will take only 3000*l.*; and I will keep the Exchequer Bills, and charge you no interest upon them for three days." My clerk was there and heard it; and I took home the Exchequer Bills with me. They must have been part of those I funded, of which the Commissioners have the numbers. They were none of those that come in question to-day, because the reason is those were so late or they would have been also funded. The 8438, 8439, 8440, and 8441, would have been all funded but that they were in the possession of Mr. Watton, and he had them short entered at Rogers's the bankers.

2385. What became of the bills you received on this last transaction?—They were funded.

2386. What were their numbers?—They are part of those eight, but I cannot swear which of them.

2387. You said you took 3000*l.* What did you do with those?—On the 15th of October, it was the understanding that De Berckem was to pay me all the principal part of my money back which was then outstanding; but he did not come till late in the afternoon. I had made up my account at my banker's. He threw 7000*l.* of bank notes on the table. I said, "This is a very strange way of coming now, after the business of the day is all over; I cannot make use of the money for the day. He said, "You have got it as soon as I could get it, and here it is." I said, "I shall not be bored to take these bank notes; take your bank notes back, and I will keep the Exchequer Bills, and will charge you no interest for three days."

2388. Those were the Exchequer Bills you had before?—Yes; I had sent for them from Masterman's to deliver to him that day.

2389. What are the three specified bills which are here? You are stated here as a claimant for 3000*l.* Exchequer Bills. What are the three?—Those are three that were given me among the others. I cannot swear whether it was on the 14th of August transaction or the 31st transaction.

2390. You stand on the Act of Parliament as a claimant for 3000*l.* Exchequer Bills, which

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are alleged to be forged; it lies upon you to make out your interest in the transaction?—I humbly submit I have made it out. I have proved that I had so many Exchequer Bills from De Berckem and paid for them.

2391. You say that De Berckem came, and laid down 7000*l.* in bank notes, for what purpose?—To redeem the Exchequer Bills in my hands.

2392. How many Exchequer Bills had you in your possession at that time?—All except three of Watton's; my son had three.

2393. Had he them as your agent?—My son and I took some of this scrip together; and I had 13 bills in my possession.

2394. Where were they?—At Masterman's.

2395. Your son had three more?—Yes.

2396. Where were the Exchequer Bills which had been handed over to you?—Ten belonged to me, three to Watton, and three to Jonas Levy.

2397. What had become of the other four?—They had been redeemed long before that.

2398. You told him you would not take the whole which he offered you on the 15th of October?—I told him I would not take more than 3000*l.* I gave him 3000*l.* Exchequer Bills, and he gave me three 1000*l.* notes.

2399. Your clerk states that you lent 3000*l.* on the 15th of October to De Berckem; that De Berckem came and asked you for some money?—Then he has made a mistake. The last transaction I had with De Berckem was on the 31st of August.

2400. You gave him back three of the Exchequer Bills on this occasion?—Yes.

2401. That left seventeen in your possession?—There were 20 altogether.

2402. You stated that there were 16 bills; three in the hands of your son, and three in the hands of Mr. Watton?—Yes.

2403. That left you 10 in your hands, then?—No, I had 16 bills altogether. Ten were in my own hands, three were in Mr. Watton's hands, and three in the hands of my son. I had 20 altogether of De Berckem; he paid me off four; 1000*l.* he paid me off on the day of the scrip, and 3000*l.* afterwards: then I had 16,000*l.* Of those 16,000*l.*, 10,000*l.* were my own, 3000*l.* were my son's, 3000*l.* I sent in,—having paid 8000*l.* for scrip,—and 2000*l.* I handed over to Mr. Sherman. I should not have mentioned the other 4000*l.* but that I wanted to show how unsuspicious I was, that I had rather keep the Exchequer Bills without interest than take home the money Mr. de Berckem offered me, at that time in the afternoon. I always considered when I had an Exchequer Bill that I had a godsend.

2404. There was no loan made by you to De Berckem on the 15th of October?—No; I never lent any money to De Berckem after the 31st of August.

2405. Do you wish to make any explanation about the bills 8440 and 8441?—Yes. On the 23rd of October I was going down to pay in for scrip this 8000*l.* I have given an account of, and two more I had at Masterman's; but in the morning, just before I was going into the Bank of England to pay them, Mr. John Masterman, the member for the city of London, comes to me at Mr. Thomas's the stock broker's, where I frequently am, and says, "Mr. Levy, there is a singular thing about the Exchequer Bills at our house;" he said, "there are two bills at our house—8440 and 8441,—and there is another customer of ours, a Mr. M'Cullen" (or some such name, or M'Miller), "has got two of the same,—what is to be done about it? Will you go to De Berckem first and mention it?" (I told him before that I had had them from De Berckem) "or shall I go up to the Chancellor of the Exchequer?" I said, "Oh, for God's sake! let us go up to the Chancellor of the Exchequer if there is anything wrong." Mr. John Masterman, and Mr. Cooper of the Stock Exchange, and Mr. Marshall, the cashier of the Bank of England, all went up to the Chancellor of the Exchequer. I stopped those two bills, 8440 and 8441, saying, "If there is anything wrong about those bills I will not pay them in at any rate." I paid in only eight. I was, of course, very anxious to know whether anything was wrong; in the afternoon I saw Mr. Cooper and Mr. Marshall, the cashier of the Bank of England; they said, "Oh, this is all nonsense; we went up to the Chancellor of the Exchequer. It is true," they said, "there are bills of the same numbers, 8440 and 8441, but it is under a different Act of Parliament." They said it was clear that was under a different grant, and all right. I was highly delighted with that news. On the Monday morning I went up again to Mr. Marshall, and he again said it was all right; and it was, as was stated on the Saturday, that the reason why there were two numbers was that it was a different grant. There was a letting of tolls at Stratford that day, and I went down. The governor of the Bank, Sir John Henry Pelly, was there; and when I came back in the afternoon, Mr. Marshall, and several of the gentlemen of the Bank of England, said that the Chancellor of the Exchequer wished to see me on those two bills,—that there were triplicates. I instantly took a cab, and with this Mr. M'Miller came to the Chancellor of the Exchequer's house. The Chancellor of the Exchequer asked me whether I had any objection to leave the bills. I said, not the least in the world. Sir James Graham and several gentlemen were there. I think Lord Monteagle came in. I left the bills. The Chancellor of the Exchequer said, "I really cannot tell you anything about these bills." I left them for some time. I said, "Sir, I was going to pay them in, but directly there was the least stir I said I would not pay them in." He said, "I think you had better pay them in; but I do not give you any commands; you will use your own discretion about it." The next day I went to receive my interest at the Exchequer Office for a large quantity of bills I had paid in for scrip; the interest came to two or three hundred pounds. I saw a gentleman there, Mr. Latham, whom I had known a great many years, his brother being a banker at Dover. I told him about these bills, and that the Chancellor of the Exchequer said I had better pay them in; but

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that I did not like, as there was a doubt about them. They looked at them, and took them into a back place: one said he thought they were good, and another said he thought they were bad; and I did not like the transaction at all, and I would not pay them in. I went to Mr. Marshall afterwards, and told him that. Then I went to the Hercules Tavern. I suppose there were 30 people in the room; the chief topic of conversation was these bills; it was in everybody's mouth. Mr. Sherman was there; I showed him those two bills I had left in the hands of the Chancellor of the Exchequer several minutes. Sherman said, "Oh, they are good enough. I will tell you what, if you will lose 200*l.* by them I will take them. I will give you 1800*l.*" I was very much agitated that day, and said, "Well, well, I will lose 200*l.* by them, you shall have them;" and here is the memorandum he gave me for the 1800*l.* on the 26th of October, but I never got but 800*l.* of the money.

2406. Had you been to De Berckem at this time?—No; when I was there the Chancellor of the Exchequer and Lord Monteagle and several noblemen and official gentlemen came in; they put me into the ante-room when I got there. De Berckem was there with the Chancellor of the Exchequer; the Chancellor came and said "Mr. De Berckem, Mr. Levy says he has received such and such bills from you." He put a book into the Chancellor of the Exchequer's hand, and he found them all entered. I said "I had paid in 8000*l.* on Saturday, and should have paid in those other two, but for being sent for by you." The Chancellor of the Exchequer found them entered in De Berckem's book. When the Chancellor of the Exchequer went out, I said, "Well, Sir, what is to be done with these bills? You have got me into a pretty mess with these bills; are you going to pay me?" he said, "I beg you will ask me no further about them, they are in the hands of Government, and I shall not say more—they are not forged, it is something wrong in the issue—if they are, there will be hundreds ruined, for the Chamberlain of London has got forty or fifty thousand pounds." I made up my mind, and had no further conversation or communication with him.

2407. Have you taken any proceedings against him?—No; seeing him with the Chancellor of the Exchequer, I thought if there was anything wrong he would have been taken into custody.

2408. You have never taken any proceedings against him for the recovery of the amount?—No; I being given to understand that he is a very poor man.

2409. When were you given to understand that?—Since this business; always before that I understood he was a rich man.

2410. Since what business?—After Smith was tried; that is a common rumour; I never inquired till that. I think that I ought to state this, to show the precaution I took before even I had anything to do with De Berckem; though they were Exchequer Bills, I understood he had done business with the Bank; he told me so; he said, "If you will not take those bills, the Bank will;" and I ascertained that that was the case, that he had done business with the Bank.

2411. He told you so?—I ascertained it from the officer; I keep an account at the Bank, and am often there. I had taken the precaution of following him into the Bank and seeing him deposit the bills there.

2412. Can you give the name of the officer who informed you of that?—No; but I think it will appear that some of my bills have been in the Bank of England; but I have constantly seen him in the company of first-rate people.

2413. Are you the owner of all those sixteen bills?—I am the owner in this way, my brother a part, and my son.

2414. What is your brother's name?—Nathaniel Levy.

2415. You claim the whole sixteen?—Yes.

2416. Some of them were entered in the name of your son, Jonas Levy?—Yes; he paid them up as scrip.

2417. Are these three his or yours?—It is a partnership concern.

2418. Between you and him?—Between him and me, and my brother.

2419. There are three down to the name of Jonas Levy in those bills; you and he are concerned jointly?—When the Chancellor of the Exchequer advertised for funding Exchequer Bills, we agreed, he and my brother and I, to write for so much; I wrote for 70,000*l.*, and he and my brother Nathaniel had a part of it. We were all concerned in the funding together.

2420. Has your son or your brother any share in the eight bills first mentioned?—No.

2421. The remaining three belong to yourself entirely?—Yes.

2422. Did not you mention the name of Rogers in connexion with some of them?—Yes; when Mr. Watton came on the 31st of August, and De Berckem asked us for some money, he said; he did not mind advancing some, and I gave him the bills, I think those very bills called in question to-day, 8437, 8438, and 8439; those bills Mr. Watton had, and he left them short. I do not know that Rogers's are particularly connected with them, but he left them short at Rogers's, and that is the reason I did not pay them in for scrip; on the 23rd he was out of town, and I could not get at them.

2423. Do those bills now belong to him?—No; I paid him directly when there was this piece of work, and sent them in to Lord Monteagle.

2424. Why did you consider yourself bound to pay them?—Because he allowed me a certain per centage; he allowed me a few shillings. When De Berckem said he wanted money, he said, If you can get five per cent., I will lend you the money at four or four and a half, I forget which, by which I got a few shillings. I paid him the money directly.

2425. Were you the lender to De Berckem of that money that Watton's bills stood for, or was Watton the lender?—I was the lender; but he advanced the money to enable me to lend it.

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2426. Is your clerk usually present at your transactions of lending?—Yes; he is there on account days; his principal occupation in business with me is when I lend money on Foreign Stock, or anything of the sort, to label the stock or the bills, so that every one has his stock again without dispute. I thought I might be asked a question whether there was any stress laid on De Berckem's wanting to have the same bills again; my clerk always labelled the bills, or whatever security I might have, and I returned them again.

2427. Supposing a loan to be over-due on Exchequer Bills, and not redeemed, you would consider yourself entitled to sell the Exchequer Bills?—That was part of our bargain, expressly. I should not have paid in those bills but that just afterwards I was bound to pay the instalment for the Chancellor of the Exchequer's scrip, and I had no alternative. I was obliged to sell those bills to get the money, or to invest them.

2428. Had you occasion to make any further payments on scrip except the sixteen bills which have been referred to?—Yes; my book will show the days.

2429. Did you happen to pay in any other Exchequer Bills on this funding?—Oh yes, lots; and so I did in Mr. Spring Rice's time, when he was Chancellor of the Exchequer.

2430. How many Exchequer Bills have you paid in in all?—On the 27th of September I paid 4000*l.*

2431. Were those funded in your own name?—Yes, all of them.

2432. How much did you pay in in Exchequer Bills?—I subscribed for 70,000*l.*; but the Chancellor of the Exchequer gave the option to pay half in money and half in Exchequer Bills. When Exchequer Bills were under 12*s.* we paid in money. I paid in about half. At the latter part of the time Exchequer Bills got very high.

2433. You say you paid Watton for his bills. In what shape did you pay him, and at what time?—I paid him directly this piece of work came out, for this reason, because interest was going on against me, and I did not choose to pay interest. I paid him on the same day two or three thousand pounds.

2434. In what shape did you pay him?—In bank notes.

2435. Can you give the numbers?—He can give them.

2436. Was there any witness to the payment?—No; I do not think there was.

2437. Did any writing pass between you?—Yes, I paid the principal on the same day; but I did not pay him the interest, I suppose, for three or four weeks afterwards, and there was rather an angry correspondence passed between us. I thought as the account stood he had no right to charge me interest.

2438. You have nothing to show for the payment of the principal?—No; I considered that when he gave me the bills and I gave him the money there was an end of it; but he is a very correct man. I have no doubt he can give every item, and the numbers of the notes if necessary. Very often when I have lent money and have been pressed I have had some of him.

2439. Who are Watton's bankers?—Rogers and the Bank of England.

2440. You have taken up your transactions with De Berckem on the 12th of July, 1841. How long previous had you been connected in business with De Berckem?—I never had more than one or two transactions with him before. I have looked through my book, and see that I once had a transaction with him with a gentleman of the name of Major, who introduced him. It was on the 22nd of October, 1840. I do not think I ever had more than two transactions with him before.

2441. What was the date of your first transaction with him?—I see that I had a transaction with him on the 22nd of October.

2442. Who introduced you to De Berckem?—He is a man that has been always backwards and forwards at the Stock Exchange; and I have seen him with the first-rate people there: but I cannot exactly say the person who introduced me to him, perhaps one or two, or three.

2443. You cannot give the name of any person?—No.

2444. Did you not mention the name of Mr. Major?—Yes; that is two or three years ago.

2445. Who is Mr. Major?—He is a broker at the Stock Exchange.

2446. He is one who introduced you to Mr. De Berckem?—Yes, I think so.

2447. Are you quite sure that he was?—I think I am sure, but I should not like to swear to it. If a man moves in a respectable sphere, and you see him constantly doing business, and arm-in-arm with the first people there, I should not think of asking, particularly in dealing in Exchequer Bills, any further questions.

2448. Was your first transaction with him in Exchequer Bills?—To the best of my knowledge I never had any business with him except one in Spanish, about 5,000*l.*

2449. Was your first transaction with him in Exchequer Bills?—Yes, to the best of my knowledge, it was.

2450. What was the amount of it?—I cannot tell. I think 3,000*l.*; and in this transaction I have had with him in these Exchequer Bills I have been a very great loser. There were great rates given for Spanish, and Brighton railroads, sometimes as much as ten and twelve per cent.; but I thought that having these Exchequer Bills, and taking them to Masterman's, was more safe and more portable.

2451. About what date was your first transaction with him in Exchequer Bills? Was that about 1841?—No; I think about 1840.

2452. Was it early in 1840?—No, I do not think it was early in 1840.

2453. Was it towards the end of 1840?—I think it was.

2454. How many transactions had taken place with him between that time and the 12th of July, 1841?—I should say not half a dozen in all.

2455. What should you say was the amount you had advanced to him on those half dozen

transactions before July, 1841?—I should say not 10,000*l.* altogether; but I cannot exactly swear to a trifle.

2456. Had that amount been advanced from day to day, or how?—Always from day to day. I never had a transaction with De Berckem in my life but it was always from day to day.

2457. How long did the money remain outstanding, on the average, before it was paid off?—Perhaps not longer than from one foreign account to another.

2458. That would be a fortnight?—Yes.

2459. You have stated one transaction on the 31st of August, in which you lent him 1000*l.* at five and a-half per cent., and that, if it remained after the next foreign account, it was to be one-half per cent. more?—Yes; or whatever it was worth. If he kept it beyond a certain day he was to give me according to the rate of interest that was given on that day.

2460. What was the highest rate of interest he ever gave you?—I had once six and a-half per cent. for a few days.

2461. What was that?—That paper I have put in was a paper delivered to me by his clerk. My agreement was that if he kept it longer I should have more interest for it; and one day he brought me a cheque for 179*l.* 6*s.* 4*d.*; and that is his own clerk's hand-writing of what he paid me.

2462. It appears by the note you have given in that you received interest on 4000*l.* from the 27th of September till the 12th of October, and from the 31st of August to the same day upon 10,000*l.*?—I wish it to be understood that I did not charge that; that is the note which the clerk of De Berckem brought me; I was always so satisfied, having been in the habit of dealing in Exchequer Bills these 30 or 40 years. The impression upon my mind was, that the Bank of England would know them just the same as they did a bank-note. I paid them into Masterman's, and thought myself quite secure.

2463. Has any other account passed between you and De Berckem since that?—Not one jot. I have never had the slightest communication with De Berckem since I saw him at the Chancellor of the Exchequer's.

2464. Have you any previous accounts with him to produce?—No.

2465. That account was made out when you called for the interest?—Yes; in October I said, "This account has been going on for a good while, and I hardly know what interest I am to have from day to day, as you call it." He said, "Oh, very well, my clerk shall bring you an account;" and he brought me the account, with a cheque for 179*l.* for the interest.

2466. On what principle were those amounts per cent. charged in this account?—Every day, almost, at the Stock Exchange there is a different rate of interest. Last Friday there was ten and twelve per cent. given on Consols. I lent some Consols myself at six per cent.

2467. For what time?—For three or four days. All those loans are from day to day.

2468. This 5000*l.* had remained in his hands from the 12th of July to the 31st of August?—Yes, if that be taken as part and parcel of the amount.

2469. There is four and a half per cent. charged for that period?—Yes; I very often, late at night, come to lend money at one per cent. sooner than take it home. They have come to me and said, "Have you got any money?" and I have taken their Exchequer.

2470. There appears to be five and a half per cent. charged from the 15th of July to the 30th of July?—Yes.

2471. Do you mean to say that five and a half was the market rate of transactions at that time?—I think it was a little less. I should think he paid me a little less than he would anybody else. I was always satisfied, though if anybody was getting a greater rate I thought I had a right to the same.

2472. Up to this time there had been no specific rate of interest fixed?—No, it was from day to day. I do not mean to say but what sometimes if I have had Exchequer Bills from persons, some of them the first people in the house, and the first merchants in London, Mr. Sanderson, the member for Colchester, and others, and if I could get five per cent., and borrow the money at four, I would not do it as I have done with Watton. If I took the responsibility I did not think there was anything wrong in it.

2473. You have always a large floating capital, and wish to make interest of it, and have the means of calling it back whenever you require it?—Yes; on certain days I had large payments to make to the trustees of the roads, and in the intervals I was glad to make interest of it.

2474. Had you got six and a half per cent. for loans on Exchequer Bills before?—I think I had once or twice; but I have paid myself ten per cent. for borrowing money on Brighton Railway Shares.

2475. You will not positively say that you ever got six and a half per cent. on any other occasion on the loan of Exchequer Bills?—I cannot say positively, but I think I have. I am not certain whether I did not once get seven for two days; but I was under no compunction of conscience, because under my very eyes I saw bushels of people take seven.

2476. Can you give the names of those who took seven?—I think Sherman had seven.

2477. Will you name any others?—I have been told that Mr. Hichens, and all of them, have taken it.

2478. Whom else have you seen besides Sherman; did you see Sherman take seven per cent.?—No; but it was the common report; you do not see the transaction. People come running to you, "So and so will give you seven per cent. on Exchequer Bills," or "So and so will give you eight per cent. on Exchequer Bills," or "So and so will give you eight per cent. on Consols."

2479. You cannot give the names of any of the individuals?—No, I cannot recollect any name. It was the impression on my mind that the Bank of England if they only touched an Exchequer Bill knew if it was good or not.

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2480. When did Mr. Jonas Levy fund the bills in his name?—The 26th of October.

2481. You wrote up the scrip and sold it out, probably?—Not all, I believe; he sold it as he wanted it, I suppose; that is the way we always do.

2482. Did not you write up your scrip and then sell it?—No, my brother had part of my scrip; I paid up a part, and the other part my brother had and he paid it up; I do not think he sold it, but I am not quite sure.

2483. Have you sold your own?—No, part of it was made into stock, and part was paid up, and my brother had it.

The Statement of the Exchequer Bills received by the Witness, and of the manner in which the same were disposed of, was read as follows:—

No.	Date.	Of whom received.	How paid for.		How disposed of.
			12th July, 1841.	£.	
7072	16th June, 1841	F. De Berckem	Masterman	2,000	Mr. Jonas Levy paid to Bank 26th October, 1841.
7074	..	..	London and Westminster Bank . .	3,000	Ditto.
7075	..	..	24th August, 1841.		Ditto.
7083	..	..	Masterman	4,000	Paid to Bank of England 23rd October, 1841.
7084	..	..	London and Westminster Bank . .	1,000	Ditto.
7085	..	..	31st August, 1841.		Ditto.
7087	..	..	Masterman	5,200	Ditto.
7088	..	..	Mr. Watton's check on the Bank of		Ditto.
7089	..	..	England	2,000	Ditto.
7090	..	..	Bank Notes, viz.:—		
7091	..	..	No. 51,627, 1st January, 1841 . .	1,000	Sent to Comptroller-General of Exchequer.
8437	15th March	..	52,856 ditto . .	1,000	Ditto.
8438	..	..	97,768, 2nd March . . .	500	Ditto.
8439	..	..	37931, 3rd February . . .	300	Ditto, by Mr. Sherman.
8440	..	..		£20,000	Ditto.
8441	..	..			

N.B.—I advanced the above 20,000*l.* to Mr. De Berckem upon the security of 20 bills of 1000*l.* each, four of which bills Mr. De Berckem redeemed, and the remaining 16 are those enumerated above.

[*The Witness withdrew.*]

Mr. *Lawford Richardson* sworn and examined.

Mr. L. Richardson.

2484. Are you a broker?—No; I am what is technically called a jobber on the Stock Exchange, a dealer in foreign stock.

2485. Are you a dealer in Exchequer Bills?—No; I do not suppose I deal in Exchequer Bills once in two years.

2486. Are you a member of the Stock Exchange?—Yes.

2487. The Exchequer Bills 7066 and 7099 of June, 1841, were at one time in your possession?—They were.

2488. How did you come by those bills?—Those bills, although in my possession, never were my property; they were the property of my brother, Mr. Murray Richardson, of the Stock Exchange.

2489. Did you purchase them, or how did you come by them?—In order to explain how I came by any of them, I must tell a pretty long story; it will apply to them all; they were none of them my own property, they were all the property of my brother, Mr. Murray Richardson. My brother, Mr. Murray Richardson, is like myself a dealer or jobber, but his business is entirely confined to the English stocks; mine is in the foreign almost entirely, but I do occasionally do transactions in the English stocks, and when there has been a funding of Exchequer Bills or a loan I have had some share of it for many years past. On the occasion of the last funding in September last, I subscribed at the Bank of England for the funding of 60,000*l.* Exchequer Bills, and I paid the deposit of 12,000*l.* Exchequer Bills at the time, but of those 60,000*l.* Exchequer Bills only 25,000*l.* were taken for myself; the remaining portion, though subscribed in my name in the Bank of England, were done by me for my brother as his messenger, to prevent his having the trouble of coming to this end of the town to receive the interest when due: my own share of the funding was 25,000*l.*, my brother's 35,000*l.* On the 27th of September, when I subscribed my name at the Bank of England for 60,000*l.*, I paid the 12,000*l.* Exchequer Bills which were required as a deposit or the first instalment; 5000*l.* of those bills were my own property, purchased in the market of Mr. Scott, Messrs. Scott and Sons, who are dealers in Exchequer Bills; those bills were perfectly good ones, and admitted to be good, and I received interest on the remaining 7000*l.*; the 12,000*l.* remaining are my brother's share. I merely had those bills from him, and I placed them with my own and presented them at the Bank of England a few days afterwards, when the scrip was made out; the Bank of England delivered to me 60,000*l.* of scrip, of which 60,000*l.* I had 25,000*l.* for myself my own property, the remaining 35,000*l.* I gave to my brother; my own scrip I sold, so that I paid no further instalment upon it, therefore the person who bought them has paid them up; but on the 26th of October my brother asked me to pay up 18,000*l.* Exchequer Bills on 22,500*l.* scrip, which he delivered to me: the scrip is payable to bearer after it has been endorsed at the back, but still it was necessary it should be paid up in my name as it had been taken by me, because, according to the regulations made by the Bank of England, unless it appears in the name of the original person who took the scrip, the option allowed by the Chancellor of the Exchequer of paying one half in money and one-half in scrip would

not have been preserved, and therefore my brother requested me to pay it up, or he might have paid it up in his own name. I paid up on that day 18,000*l.* Exchequer Bills on 22,500*l.* scrip; on the next day, the 27th of October, my brother gave me 2000*l.* Exchequer Bills, and requested me to pay them up on 2500*l.* scrip, and those 2000*l.* Exchequers are the same numbers and dates as those now inquired about, 7066 and 7099.

2490. Are those now shown to you the bills you have referred to?—They are.

2491. Those bills were handed to you by your brother?—Yes.

2492. In fact, you know nothing more of them?—I know no more than I have heard from him.

2493. With respect to the 7092 and 7093?—I have no particulars of the others, but I know that all the others which are questionable were received by me from my brother on the 26th of October, the day I paid up upon my brother's scrip.

2494. At the Bank they take a note of the numbers of the bills received from each person?—I have no doubt of that; I am not sure whether they do not require them to deliver in the numbers of the notes.

2495. Did you get stock for all the sixteen?—Yes; I gave to my brother the stock I received; I afterwards paid up for my brother on the 29th 4000*l.* Exchequer Bills on 5000*l.* scrip, but they were all good.

2496. Neither you nor your brother have any claim on these bills; they are cancelled bills?—No, I have not received any interest upon them; the interest on those bills which are stated to be forgeries has not been paid me, and I have received a note from the Chancellor of the Exchequer stating that those bills will not be admitted as payment on the funding.

2497. Will you look over those 12 bills and see whether they are the other bills which have been referred to?—Those bills are all correct in number with my list; I believe they are the same, but there is no mark upon them by which to identify them.

2498. At the time when you took in those bills there were rumours respecting Exchequer Bills?—Yes, that money had been borrowed at a high rate; but there was not at that time the least suspicion about forgery.

2499. Have you any knowledge except from any account your brother has given you of the circumstances under which he came into possession of those bills?—I have heard from himself, and probably others also.

2500. What has he told you?—He told me that he purchased those Exchequer Bills of three different persons.

2501. Did he mention of whom?—I do not know whether he mentioned them all at the time, but I know he purchased on those two days and paid up that scrip through me 20,000*l.* bills which he bought, 17,000*l.* of Mr. Keyser, 2000*l.* of Mr. Samuel Hesletine, and 1000*l.* of Messrs. Edward Ellis and Company; of these I believe 14,000*l.* out of the 17,000*l.* he purchased of Mr. Keyser are bad, and the 2000*l.* he purchased of Mr. Hesletine are bad, and the 1000*l.* he purchased of Messrs. Ellis and Company are good; he had 16,000*l.* bad ones, and 4000*l.* good ones; of those he purchased of Mr. Keyser only three were good.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

TUESDAY, 24th May, 1842.

The EARL of DEVON in the Chair.

Mr. *Alfred Cutting* sworn and examined.

2502. Did you carry in to be funded the Exchequer Bills No. 8275 to 8277?—Yes; three bills.

2503. When did you take those in to be funded?—On the 26th of October.

2504. Do you claim to be the owner of those bills?—No; those bills were brought to me by a party of the name of Bennison, who acts as a discount broker. The proprietor of the bills is a party of the name of Mollett—John Mollett and Co., on whose account they were funded.

2505. State the circumstances of your connexion with those bills.—They were brought to me to purchase scrip. I sold 4482*l.* Consols. I bought two 100*l.* Exchequer Bills to make it up 4000*l.* scrip. My instructions were to sell the stock, which I did; and I paid the proceeds over to the party in this check (*producing the same*). My impression is, that the reason for the transaction taking place was the difficulty of disposing of Exchequer Bills in any way in the market; and it was presumed the Bank of England would be a sufficient criterion of judgment between good and bad bills. I had no statement to that effect made to me, but at that time there was great difficulty in disposing of any Exchequer Bills in the market.

2506. What business do you carry on?—That of a stock-broker.

2507. Are you in the Stock Exchange?—Yes.

2508. You are a sworn broker?—Yes.

2509. By whom were those bills brought to you?—Bennison and Co., who are likewise sworn brokers; but in the Discount market Bennison and Lennard is the firm; they are Exchange brokers.

2510. Where do they live?—In Old Broad-street; Gresham Chambers it is called, I think.

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2511. On what day were they brought to you?—On the same day, the 26th of October.

2512. What instructions did he give you?—To purchase two 100*l.* Exchequer Bills, and to convert them into stock, which made the amount up to 3200*l.*; to convert a certain quantity of scrip—the quantity of scrip was 4000*l.*, and the purchase of 200*l.* was to make it up that sum.

2513. State the whole communication they made to you as nearly as you can recollect in the words which they used.—I have no recollection of anything further than has been stated; it was a very short interview. I believe I have stated all which occurred.

2514. Had you ever had transactions with those parties who brought you those bills before?—Small transactions; not very repeatedly, but occasionally; some twelve months before I had lent them money on Exchequer Bills, to some considerable extent, which had been going on; but from that time to this I think I had had no other transaction, unless some small amount in stock, but nothing that strikes my recollection at the present moment.

2515. It would have been in the course of Messrs. Bennison and Lennard's business to have brought them to you to be funded, independently of the purchase you had to make?—Yes; I think quite in the course of their business. Bennisons themselves, I believe, knew nothing further of the business than through their employers, Messrs. Mollett.

2516. What statement have Bennison and Lennard made to you on the subject of those bills, and their connexion with them?—Nothing transpired until after I received a notice from the Bank, that those would not be received as a payment.

2517. Did you communicate that notice immediately to Bennison and Lennard?—I did.

2518. Did they make any statement to you upon that occasion?—I do not recollect that they did; it was then generally known that a great number of bills were repudiated bills, said to be not genuine, but I recollect no special remark upon the subject.

2519. Did you afterwards hear how they had come into possession of those bills?—They told me, originally, that they were not their bills, that they belonged to John Mollett and Co., and I wrote a note to the Bank of England, stating to whom the bills did belong.

2520. Where do John Mollett and Co. live?—Somewhere in Broad-street.

2521. Have you heard from them, on any occasion, anything about the manner in which they came into possession of those bills, further than that they received them from John Mollett and Co.?—I do not know further how they came into possession of them; and when I received notice that they would not be received in payment, I claimed of them the difference of 21*l.* 9*s.* 2*d.*, as I could not receive the interest upon those bills which was paid to me, and that finished my concern in the transaction; that was on the 6th of November.

2522. They made no further statement to you upon the subject?—No; and I never had any communication direct with Mollett on the subject.

2523. Stock was obtained to the amount of those bills?—Yes.

2524. In whose name was the stock?—It went in my name, and was sold on that day, and transferred out of my name, I think, into the name of Maubert.

2525. By whose direction was the stock sold?—By the directions of Bennison and Co.

2526. No writing passed between you and Bennison and Lennard in any way?—None whatever.

2527. Did you receive from them any letter upon the subject?—None whatever, except that I showed Bennison the letter from the Bank of England, and he stated in a letter that the property was in Mollett and Co.

2528. Have you that letter?—No; I suppose I have lost it. I have removed since, and have not kept it. I stated that I should wish to know who were the proprietors of those bills, and it simply stated that Mollett and Co. were the proprietors.

2529. Have you the account of the sales of stock?—I have the entry in my book (*producing the same*). This is the original entry.

The same was read as follows:—

" Sold to Maubert and Co., by order of Bennison and Co.,

4484 Consols, at 88	£3945	18	4	
Brokerage ⅛	5	12	1	
	£3940	6	3	
Transf. f. as in scrip, 5*s.* . .	1	5	0	
	£3939	1	3	

" Bought, by order, as above, of Scott and Co.,

499 1 200 E. B. 15 March 225 days 2¼ .	204	4	5	
13 . . .	1	6	0	
	£205	10	5	
8275 | 8277 3 | 1000 Bills, 15th March, received and paid to Bank of England	3000	0	0	
" Bought by order, as above, of Maubert and Co.,				
4000 scrip, 1¼ Dis. 18¾ . . .	755	0	0	
				3960 10 5
Balance received 6th November				£21 9 2

26th October, 1841."

Mr. *Cutting.* I have also the cheque I paid to Bennison and Co. (*producing it*).

The same was read as follows:—

"35,
"*No. F* 4063. *Nicholas Lane, London, 26th October,* 1841.
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"*Masterman, Peters, Mildred, Masterman, and Co.,*
"*Pay Messrs. Bennison and Co., or bearer, three thousand pounds.*
"£3000. "*Alfred Cutting.*"

2530. Was any application made at the Exchequer Office for the interest?—After the Bank of England sent me this letter I thought it useless to apply to the Bank of England for the interest, but I received a note from the Exchequer about a month ago, telling me to call and receive the interest on Exchequer Bills; I came to the Exchequer Office, and they said it was under a mistake; they said, that though some of those were good bills there was no division to be made in the interest.

2531. Are exchange brokers dealers in the funds?—No, their transactions are in bills of exchange.

2532. Are they members of the Stock Exchange?—No, some of the members of the Stock Exchange are bill-brokers; there have been new regulations lately, but some who were in that line before have continued.

2533. Have you the receipt for the 21*l.* which you received as the difference in the amount?—No, we do not give receipts among ourselves; I can, of course, produce the cheque.

2534. Have you had any other transaction with Bennison and Lennard respecting Exchequer Bills?—I have not since that. I had had a transaction of loan a twelvemonth before to the extent of 20,000*l.*

2535. Did you keep an entry of the Exchequer Bills on which you lent them money?—Yes; that was in 1840. There was some occurrence at that time which induced me to think that things were not exactly straight, and I declined after that lending them money, in consequence of their being so extremely anxious to have the same bills back again.

2536. Will you state the circumstances as nearly as you can?—I cannot state the date at the present moment, but I can on a future day give the circumstances, with the date. I took, I think it was, 20,000*l.* bills of Bennison's. I lent them money on them for a considerable time, and I borrowed money afterwards on the same bills of a person in the Stock Exchange, of the name of Scott, who, I believe, has been here.

2537. Which Scott is that?—William Scott and Son. He had those bills, and after some considerable time I had been in the habit of having Exchequer Bill transactions with William Scott to a considerable extent in my own business; but it was of no matter the exchange of bills, for I always considered one as good as another if they were properly obtained. Mr. Scott had exchanged those bills contrary to that which was intended when they were given to him. He had sold them, I understood, in the course of business, as he was in the habit of exchanging my bills, not sending me back always the same he had taken of me. Bennison told me after a while that he must have back the same bills, that his principal had applied to him for the same bills back again. I said, "The chances are they will be exchanged," for Scott had mentioned to me something to that effect, or that a part of them were. On investigation they were exchanged, and Bennison said, "For myself it is unimportant, but my principal says he must have the same bills back." I declined to interfere about it; I said, "I shall not see about them; I will give you bills of the same date, but I will not seek after the same bills; it would make any one fancy that everything was not correct as to the proprietorship of them;" and I told Bennison I would never have any more transactions in those bills. I never considered anything wrong in the bills themselves, but I thought somebody might possibly have misappropriated property; that a man might have borrowed money on the bills with the intention of replacing them before they were discovered. On my stating that I would not, or should not, look after those bills, Bennison said, "I will send my principal to you;" I said "Very well, do so." He sent his principal, and to my surprise his principal was De Berckem, a man with whom I had never had any transactions at all; who told me that he must have the same bills back again, and that he would have them, and that he insisted on my giving them; to which I replied that I should take no steps about it whatever; that I should give them bills of the same value, but that I should not stir about them. I said "I gave them to William Scott and Son: if he chooses to take any trouble about them he may do so." He went to this firm, tracing the bills; there were seven of them out of the 20,000*l.*, either seven or thirteen, but which I do not remember, but certainly seven had been exchanged, and those were traced back to the London and Westminster Bank, where they recovered them after paying certain expenses, I believe, to different parties.

2538. By whom had they been exchanged?—By William Scott; exchanged in the way of business. When persons lend money on Exchequer Bills it is the usual practice to return the same bills.

2539. When you said "exchanged," you meant disposed of in the market?—Yes. If I had given a person 10,000*l.* Exchequer Bills, and he sold 5000*l.* and delivered mine, he might have put five of his own in the place of them inadvertently.

2540. You say those were recovered back?—Yes, they were sold in the market and taken to the London and Westminster Bank; they were bought, I believe, by the broker of the London and Westminster Bank. De Berckem traced them by their numbers, and recovered them.

2541. Do you state this of your own knowledge?—I state this as the subject of discourse

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among us; we perfectly understood it to be the fact; it was a matter of common report; it was, I remember, just upon the point of an exchange.

2542. From whom did you understand he had recovered them?—From the London and Westminster Bank; he must have recovered them through Edward Ellice and Company.

2543. When did you hear of the transaction?—It was just at the time of the transaction.

2544. The transaction excited notice at that time?—It did among the few where it was spoken of. It excited so much notice with us that I never had any bill loans after that with the person, and I believe Bennison never had after that period with that party, who was then his principal. I have understood him to say so. It was evident that something must be wrong, or the man would not care what the number of the bill was.

2545. Did you hear of any persons, except De Berckem, having any connexion with the bills to which you have referred in 1840?—No.

[*The Witness withdrew.*]

Lord Viscount *Strangford* sworn and examined.

Lord Strangford.

Lord *Strangford.* Before I proceed to answer any questions your lordship or these gentlemen may wish to put, will you allow me to make one observation? You cannot but be aware that at the time when the explosion, if I may so call it, of these Exchequer Bills took place, there were the most scandalous insinuations put forth by a portion of the press against me and against other noble lords and gentlemen. I have been long anxiously wishing for an occasion like this; and all I have to ask is, that whatever inquiries you may address to me should be of the most searching, sifting, and extended description. That is the only favour I have to ask at your hands. I am now prepared to answer every question.

2546. About the 15th of October last your lordship, with Mr. Morgan, made application to Messrs. Coutts relative to a loan on Exchequer Bills?—I did.

2547. Will your lordship have the goodness to relate the circumstances which attended that transaction?—On Friday, the 15th of October, I had been in the City for the purpose of making inquiries regarding the departure of the Scotch steamers. I state why I went into the City. I had occasion to communicate with my daughter in Scotland; and also I went for the purpose of seeing Mr. Richard Thornton, who had charged me with some business in which he was concerned with Lord Aberdeen and the Foreign Office. I had occasion to see Lord Aberdeen. I went into the City. I went to the Old Swan to see Mr. Thornton, and to communicate to him the result of my interview with Lord Aberdeen. On coming from the City, at the corner of Cornhill I met Mr. Morgan, with whom I am perfectly ready to state my acquaintance, and the nature of it. I met Mr. Morgan, whom I have known very well since the year 1824, and who had acted for me constantly as a broker in *bonâ fide* transactions in the purchase and sale of stock and different securities. I asked Mr. Morgan (at the time we were extremely anxious for news from China and America)—I asked him, "What news to-day?" He said, "Nothing." "Is there anything from China or America?" "Nothing; the only thing is, we are in a pretty mess in the City, all owing to your Tory friends, to their funding arrangements, and their awkward financial arrangements," speaking not very respectfully of my Tory friends; "the consequence of which is, money is so scarce that it is impossible to procure money even on the deposit of Exchequer Bills. Here am I in a pretty situation: the Bank were to have advanced me a certain sum of money," I do not think he mentioned how much, "on Exchequer Bills, and now Sir John Rae Reid tells me the Bank closed for loans on the 10th." This was about four in the afternoon of the 15th. "I want the money to-day; my own bankers, Jones and Loyd, having discounted freely, say they cannot let me have it. I do not know what I am to do. Do you think your bankers, Coutts and Co., would advance me from ten to"—I do not think he mentioned precisely the sum, but from ten to twenty thousand pounds on Exchequer Bills? I said, "I do not know anything of these matters; but I am going westward, and, if you like, will ask Coutts's whether it is in their way of business or not. If you choose you may come with me, and I will ask them." We went from thence to Mr. Morgan's office in Pope's Head Alley, scarcely fifty yards from where we were standing, for, as I thought, those Exchequer Bills on which he proposed to borrow the money from Coutts's. We went into his office, which is divided into two rooms. In the outer room there is a counter, and then there is an inner room.

2548. Will your lordship state which Mr. Morgan that was?—Mr. William Morgan, who had always acted for me. I waited in the outer room reading the 'Times' newspaper, and Morgan was immediately accosted by persons in the inner room, apparently waiting for him on business. I remained some minutes. I said, "Mr. Morgan, I cannot wait here all day; if you choose to come, come;" and he came out and said, "Come, come along;" and at the corner of Cornhill, very near the spot where we were before, he called a hack cab, and into that we got, and went to Coutts's. I left him in the cab at Coutts's, and went into the house, and saw Mr. Coulthurst, one of the partners. I asked, "Is it in the way of the business of your house to lend money on Exchequer Bills?" When Mr. Morgan asked me whether I thought Coutts's would lend the money, he said, "On the usual rate of interest." It is but just to Messrs. Coutts I should say that I asked Mr. Coulthurst, on going in, "Whether it was in their way of business to do it?" He said, "To be sure; it is what we are always doing." I said, "Here is a friend of mine hard up for money," explaining what Mr. Morgan had told me in Cornhill; "will you lend him—I don't know how much it is—ten, or twenty, or forty thousand pounds on Exchequer Bills?" He says, "Where is your friend? will you send him?" I said, "I need not go far to find him; he is here at the door; he is in a great funk for money." I went out and brought him in. In the interval, I think it was Sir Edmund Antrobus, another partner, had come into the

room. I suppose that when I went out to call Mr. Morgan, Mr. Coulthurst had mentioned to him what I had come about, and what he was about to do at my request; for so it was. I brought in Mr. Morgan, and introduced him to those gentlemen. Mr. William Morgan and Sir Edmund Antrobus entered into conversation towards the middle of the room. I remained at the fire-place with Mr. Coulthurst, talking of various indifferent matters. I remember there was a piece of glass lying on the chimney-piece, and he was explaining to me that that was the greatest degree of thickness to which glass was allowed to be made—perfectly indifferent matters. I heard my name mentioned by Morgan and Sir Edmund Antrobus, and I came forward and joined them; and Sir Edmund said, "We were saying, Lord Strangford, that as you have an account here, and as Mr. Morgan has not, the proper and regular mode of doing this sort of business will be for us to put the amount of the loan to your credit in our books, and for you to give a check to Mr. Morgan for the amount." I said, "Whatever is your way of doing business I suppose is the right way; whatever way you please; do as you like." I spoke in that sort of way; not in the remotest degree supposing I was incurring any responsibility, or that the money was to be lent on any other security than the Exchequer Bills; otherwise I should have cut my hand off sooner than agree to such a proposal. I was perfectly prepared to concur in that arrangement, thinking it the mere mechanism of a banking-house; I was perfectly ready to agree to it. One of the partners said, "But where are the bills?" on which, to my utter surprise, Mr. Morgan said, "My lord, where are the bills?" I said, "I never saw your bills. Where are the bills! I never saw an Exchequer Bill in my life!" He said, "You have got them: when I came in with you from Cornhill, I told my clerk, when I was speaking to persons in the inner room, to count them out to you." I hope I am not a proud man; but it struck me as strange that Mr. Morgan should make me the porter of a bundle of Exchequer Bills; and I said, "I have no Exchequer Bills;" on which Morgan, turning out his pockets very eagerly, looked for the bills. On which Sir Edmund Antrobus very properly remarked, "Forty thousand pounds of Exchequer Bills form a sufficient bulk for a man to know whether he has it in his coat pocket." At which Mr. Morgan seemed in a state of great alarm and anxiety, which I to a certain degree shared, for I thought it not unlikely that in our progress from Pope's Head Alley to the cab his pocket had been picked. I said, "You had better go back and see about the bills;" and we got into the cab again; and I never saw a man in such fright and agitation as he was. He went into the office, and said to the clerk, "Where are the Exchequer Bills? where are the Exchequer Bills?"

2549. Did you go back with him?—Yes. It was natural that I should feel anxious to know what had become of the bills, when I had been walking with a man who had such a sum of money about him. "Where are the bills?" he said. "Here they are, sir," said the clerk; "you left them on the desk in the hurry of going out;" and he pointed to a parcel of papers as being the bills. I said, "Well now, Mr. Morgan, give me leave to say to you that Messrs. Coutts and Co. must form a very strange idea of the slovenly way in which you do business when you go to borrow money of them, and you are not aware what you have done with the securities on which you are going to borrow the money, whether you have left them behind, or had your pocket picked of them,—this must give them a very strange notion." The man seemed delighted at getting his bills, and in consequence of that he was not much affected with this. I said, "I cannot be running backwards and forwards with you all day; I must go home and write my letters." That is all my concern, so help me God! in the transaction, upon my oath. I had no interest, neither direct nor indirect, in the transaction, but it was a simple introduction of Mr. Morgan to Messrs. Coutts and Co. No man whatever dreamt at that time of any danger in dealing with Exchequer Bills.

2550. At Pope's Head Alley, before you went away, had Cook the clerk produced the bills to you?—I never saw an Exchequer Bill in my life until the day that the clerk of Messrs. Coutts's solicitor, and a gentleman from the Exchequer Bill Office, and Messrs. Coutts's clerk, called upon me with this pile of bills, to state that they were forged bills. On the 17th of November, so help me God! I had never to my knowledge in the course of my life seen an Exchequer Bill.

2551. Do you recollect whether you had any conversation with Cook the clerk at that time?—No, I did not speak at all on the subject of bills, but I might have said "it is a fine day," or "a wet day," or "there is no news," but nothing *ad rem*, according to my recollection. I am not certain that I saw him. I took up the newspaper, and was reading it.

2552. In conversing with Messrs. Coutts and Co. about the negotiation for the loan, was anything said about previous applications, and the reasons why Morgan could not get the money elsewhere?—I told them he had been disappointed in getting it. I think I stated the circumstances Mr. Morgan had mentioned to me; that he had been disappointed in getting money from the Bank, that the Bank was closed for loans, and that his own bankers could not accommodate him. I must have given this reason for his wanting the money at that particular moment. Where Mr. Morgan got the money, or how he got the money afterwards, I know nothing of my own knowledge.

2553. Did you know from Mr. Morgan at all for what particular occasion he wanted that money at that moment?—No; but I knew very well that brokers and bankers, and persons of that description, occasionally were pressed for money, and wanted money. When I say "wanted money," I mean wanted money at the moment for a temporary purpose, not that he was in want of money generally.

2554. Do you remember reporting from Morgan, or using yourself, any particular expression as to the urgency?—"A matter of life and death." Yes, perfectly well. I may have used the word, but it was not at that time, it was afterwards, when I saw Coutts's people. I am convinced of that; and it is, in fact, a sort of ordinary and habitual phrase of mine. I do not

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know whether I may mention it now; for instance (I could not help smiling), at dinner yesterday I was applying to a lady for tickets for the Spitalfields ball, and I caught myself using the expression, "She must have these things, for it is a matter of life and death,"—a mere colloquial expression that the thing was urgently important,—but I had no meaning beyond what I said. "The man is devilish hard up to-day, and wants money,"—something of that kind; as to any further meaning I had none.

2555. You state, upon your oath, that you did not know the particular reason why he wanted it at that moment?—No, I take my oath of that; he never told me; it would have been a great liberty for me to have asked him that. He merely stated that he wanted the money, and that he had been disappointed in the two quarters I have mentioned; Sir John Rae Reid stating so and so; the Bank closing on the 10th for loans.

2556. It did not occur to you, that if the man was very much pressed for money, and had securities so readily saleable, the obvious way of getting it would have been to sell the Exchequer Bills?—I knew very little of these matters; but it has occurred to me since, that even respectable bankers have frequently applied to brokers to raise money on the deposit of bills or other securities for a short time, without throwing them upon the market. That is what occurred to me; but my idea of Mr. Morgan wanting this loan was, that he probably had some engagements at that time to meet; what they might have been I did not know, but he wanted it that day, or at that time.

2557. You say that you had been acquainted with Morgan from the year 1824?—I think from 1823 or 1824.

2558. Has he done much business for you as a broker?—I have made a memorandum to refresh my memory. He bought and sold various sums in different securities for me. I have kept no account of them, as the transactions were not complicated; he held of mine at one time 20 or 30 Brazilian bonds, some of which they had bought, and some were bought by Coutts and Company; those they sold, and the money I laid out in Spanish debentures, which produced about 50,000*l*. I do not refer to Spanish bonds, but Spanish debentures, which were paid to the last moment; this was sold, and I laid out the money in land. In 1840 they bought for me 30,000*l*. Three per Cent. Consols, which they sold again for me in April 1841. Some time afterwards they bought 15,000*l*. Three per Cent. Consols, which was to be paid for in November 1841; but in consequence of this Exchequer Bill business I was advised by my friends suddenly to close all communication whatever with Messrs. Morgan. In consequence of something I heard from Messrs. Coutts's relative to Mr. Morgan, I sent my friend Sir Harris Nicolas to him, to tell him there must be no further communication with him, and to call upon him for his account between us, which I should instantly pay off. Those two transactions of the 30,000*l*. and the 15,000*l*. were the whole of my dealings with Mr. Morgan for five, I think I might say for six years. I called for my account; I sent Sir Harris Nicolas for it, which was sent me without any items—a mere scrap of paper, stating that I owed them 1013*l*. 15*s*., the items of which I will now proceed to explain. Those I afterwards ascertained to consist of 300*l*., which I had borrowed from them for my son a month before, on the security of a box of jewels, worth I suppose five times the amount. I borrowed that money for my son's use. The next was an item of 281*l*., a balance which I owed them when the sale of 30,000*l*. stock in April 1841 took place; there was a balance then due to them of 281*l*., for which they held my note, payable at Coutts's, and which Morgan might have got any morning by presenting it. The remainder consisted of the difference in the price at which the 15,000*l*. stock was purchased, and sold instantly before the account day, when I determined to break off all communication with them. I sold that at a loss, for the purpose of completely closing all transactions with them; this, with commission, made up the sum of 1013*l*. 15*s*.

2559. You sold that 15,000*l*. through them?—They had bought it for me before the account day; I said, "Let it be sold, and I will have nothing further to do with them."

2560. After some suspicion had arisen, do you remember seeing Sir Edmund Antrobus?—Perfectly.

2561. Do you remember on what day that was?—On Wednesday the 27th of October. I had been at White's Club House or the Carlton, and had there heard that there had been something regarding Exchequer Bills, and that Mr. Smith, a relation of Sir Sidney Smith's, they said had been taken up. When I heard this, I had not seen Messrs. Coutts since the day I introduced Mr. Morgan to them. As I was going down to Grayhurst and Harvey's in the Strand, I thought I might as well go in and ask whether they had heard anything about Exchequer Bills. I saw Mr. Coulthurst. I said, "Is all right about the Exchequer Bills?" He said, "I believe so," or something to that effect; we talked about other things. I think the expression I used was, "Mr. Morgan's Exchequer Bills." On Friday the 29th, Sir Edmund Antrobus called upon me; he walked into the room and said "that the whole of the Exchequer Bills on which the money had been advanced to Messrs. Morgan were forged." Every one will suppose the state of distress and anxiety this threw me into: persons I had known as bankers for thirty-eight years, that I should have been, however innocently, the occasion of this to them. I said, "For God's sake, what do you wish me to do?" He said, "I presume Mr. Morgan has laid out the amount of the loan in some other securities, and I consider it but right and proper that those securities should be handed over to us." I said, "It appears to me so too: all I can do is," (I was in my dressing-gown,) "I will instantly go into the City and fetch Mr. Morgan, and you shall talk to him." I went; Mr. Morgan did not seem at the moment to have any notion of the bills being forged; we got into the carriage and drove to Coutts's; he talked to them, and explained how he got the bills. Unfortunately I have not read over my answers taken down from notes taken subsequently to Messrs.

Coutts's Bill in Chancery against myself; I have not read them since they have been put in. In fact, in these transactions, which scarcely came under my personal knowledge, it is impossible for me to speak with the degree of accuracy I wish, in referring to what passed precisely between Mr. Morgan and Messrs. Coutts. I cannot swear to that. They expressed to me at that time the utmost degree of discomfort, as may be supposed, at the probability of so great a loss; that it was very unpleasant, talking in a way one may colloquially express, talking at me that it was very unpleasant, I had been mixed up in such a transaction, and the means of introducing such a man, and talking contemptuously or disrespectfully of Mr. Morgan; but without the slightest insinuation that I was in the least degree responsible, or that the money was lent to me. I have brought with me my answer to the Bill in Chancery, if the Commissioners wish for reference to it.

2562. The Commissioners have seen it, and have had the partners in Messrs. Coutts's house before them. You have said, that when you went to Pope's Head Alley, Mr. Morgan did not seem to be aware of any thing being wrong. Will you state as accurately as you can what he said?—He seemed greatly shocked. I really cannot remember in the state of agitation in which I was at the moment, for I felt a great degree of discomfort of mind; I cannot recollect precisely the expressions which passed between Mr. Morgan and me; but he was explaining to me where he had got the bills, and how he had got them; that he had got them from a man of the name of Rapallo with whom he had had great dealings; I think there was another name mentioned beginning with an S.

2563. Solari?—Yes, I believe that might be the name; and I think to that extent he went in his communication with Messrs. Coutts.

2564. Can you recollect from what he said upon that occasion whether it appeared that he had not before heard any doubt expressed about the bills being genuine?—Oh, never.

2565. You collected from him that your communication was the first he had heard?—My communication to him, I believe, was the very first, from the air of astonishment of the man. I ought to mention this, that he said, "What! all the bills?" Now in this I am going quite out of my depth; "What, all the bills? No, that is impossible."

2566. Was that at Coutts's?—I think he said it also going along. He certainly said it at Coutts's, "They cannot all be forged, for I got some from another quarter.

2567. It turns out, in point of fact, that one was good?—Yes: I do not know how he explains that, but he did explain it, I recollect, at Coutts's.

2568. When you used that expression about its being a life or death business, applying to the importance of it to Morgan, did Sir Edmund or Mr. Coulthurst make any remonstrance?—Certainly not, to the best of my recollection; but I protest I do not remember when it was I used that expression, whether it was afterwards I said "It was of great importance to the man to get the money," I am not certain at all. I could not swear to having used the words, but it is more than likely, because it is, I am ashamed to confess, a vulgarism, but it is an habitual expression with me; but I beg to repeat I did not mean more than that Morgan was so very hard-up that it was very important to him to get the money.

2569. You say he mentioned from what quarter he had got the Exchequer Bills. When he mentioned the name of Rapallo, did that bring his name to your recollection?—I had never heard of the man in my life. Some weeks afterwards, thinking over this matter, I recollected that I had seen the word "Rapallo" in conjunction with the affair of Buonaparte at Boulogne; but I never heard of the man, nor of that other man who was mentioned, Solari, or whatever his name is.

2570. You do not know of your own knowledge what applications had been made to Jones Loyd and Company?—No; merely what Mr. Morgan told me at Cornhill about his bankers. The fact of his bankers being so respectable as Jones Loyd and Company, would give an idea of his own respectability.

2571. You say that when you used the expression, "life and death business," you meant no more than that Morgan was very hard up?—That is another expression: I should wish to qualify that. He had an immediate necessity, within twenty-four hours, of a sum of money. I suppose Mr. Morgan might have raised that money, but the two sources to which he looked were shut against him, and it was necessary for his credit to get that money.

2572. Can you remember the expressions he used in reference to his want of money?—I have sworn to the particular expressions, as nearly as I could, in my answer. I cannot recollect them further than what I have said. I remember the expression, "Here I am, at the eleventh hour, left in the lurch," or some such expression as that, but I cannot recollect the precise words; but not leaving on my mind the impression that it was a permanent difficulty, or a permanent embarrassment, but that he wanted the money to meet his engagements on the Stock Exchange. For aught I know he never told me what he wanted the money for.

2573. Was it your impression, on the whole, that he was very anxious to obtain money?—I can hardly say that he was very anxious to obtain it, but that it would be a matter of very great inconvenience if he did not get it.

2574. Do you remember, after the transaction, and after the amount of 40,000*l.* was agreed on at Coutts's, using, in conversation with Mr. Coulthurst, the expression, "That Coutts's had done you a great kindness; that they had done both you and Mr. Morgan a great kindness?"—No; I do not recollect that. I have answered that on oath. I might say, "I am very much obliged; it is doing the man a great service," But as to implicating me, or rendering me a service, I had no personal interest in it whatever.

2575. You believe you did not use the expression?—No; I am convinced I never could have coupled myself with Mr. Morgan. I am convinced those gentlemen must have been mistaken in that. "Why should I have done so?" is the question.

Examinations.

Lord Strangford.
24th May, 1842.

2576. Mr. Morgan was not present at the time when your lordship used that expression, if you did use it?—I have not the least recollection of having used it.

2577. It has been stated to the Commissioners that, after Morgan ran out of the house in a great hurry for his Exchequer Bills, your lordship remained talking with Mr. Coulthurst at the fire about two or three minutes, and said, "You have done us great kindness; you have done that gentleman a very great kindness;" and immediately, including yourself, "You have done us both a great kindness?"—I am confident I could not have said that. I would have been telling a bare-faced lie: I had received no kindness. I think I may have said,—"You have obliged this man very much;" but I can swear that it is utterly impossible, I conceive, that I should have said "You have done *us* a kindness." What kindness had been done to me?

2578. Are you quite certain that you went to the city with Morgan?—I will take my oath that I went with him in the cab. He rushed into the office and asked for his bills. "Where are the Exchequer Bills? Where are the Exchequer Bills?" The clerk said, very coolly, "Here they are, Sir." I said instantly,—"Good God, what will Messrs. Coutts think of you, and the way in which you do your business, when you do not know where your Exchequer Bills are that you go to borrow money on?"

2579. The expression is mentioned, "You have rendered that gentleman," pointing to the chair where Morgan had sat immediately before, "a great service," and, immediately including yourself, "us a great kindness?"—I am confident that I never used the expression as implying that I received, or was to receive, any advantage whatever from the transaction.

2580. Do you recollect what was said about the rate of interest at which the loan should be made?—I know, as I said before, nothing of the transaction as between Morgan and Messrs. Coutts. What Morgan asked me at Cornhill was, "Whether I thought my banker would advance a sum of money for a short time on Exchequer Bills, at the usual rate of interest." I said, "I do not know whether it is in their line to do it, but I will ask," and I asked them—"Is it in your way to lend money on Exchequer Bills?" and their answer was, "Certainly it was, for the usual rate." I asked for what Mr. Morgan asked me to apply for.

2581. Do you recollect what passed between Mr. Morgan and them upon the subject?—No; I took no interest in it?

2582. Your lordship has said that in coming from the city you met William Morgan. Was there any person with him?—No; when I met him he was alone, just turning the corner of King William Street, and I said, "Well, what news?"

2583. What had been the nature of your lordship's previous transactions with Morgan?—I have already given a general statement of the nature of my previous transactions with Mr. Morgan, and a more particular account of them will be found in my answers to Messrs. Coutts's Bill of Discovery.

2584. Has your lordship stated all the facts you heard from Morgan relative to his connexion with the bills in question?—Yes; I know nothing at all about them.

2585. Had your lordship any opportunity of observing from what parcel Morgan took the bills at his office?—No; as I stated, I took so little interest in the transaction, except the exeitement at the moment of being exceedingly delighted at finding that I had not been in company with a man whose pocket had been picked of 40,000*l*. I was not quite so happy, perhaps, as Mr. Morgan, but I was greatly delighted certainly.

2586. Did you observe when you were first at Pope's Head Alley from what parcel he took those Exchequer Bills?—No; I took up the paper and read, till at last I said, "Well, come along, I cannot wait all day."

2587. The bills you did not see?—To the best of my belief I had never seen an Exchequer Bill before; I might have seen one on a banker's counter, but not to my knowledge; I never saw one till a gentleman from Coutts's showed me these afterwards.

2588. Can your Lordship state the occasion of your introduction to the Morgans in business?—I think, but I cannot be certain, it was a gentleman who came from the same part of the country with my late wife, a member of parliament, and a well-known character on the turf, who had been in India, Mr. Prendergast, who introduced me. I think it was when I was going to Russia that I had a couple of thousand pounds lying by me which I wanted to invest, and it was he who introduced me, but I cannot speak with any certainty about that.

2589. Do you remember using the expression at Messrs. Coutts's, "that it would be a favour to you personally if Coutts's could accommodate Morgan?"—As I might say as I should to you or any other gentleman, "You would really oblige me very much if you could assist this gentleman;" but nothing more than that, that I should be obliged if they could lend him; I am convinced that I could never have used the word "personally." I might have said "you will oblige me," or something of that kind. In saying this, I am speaking to the best of my recollection and belief.

2590. You have said that Morgan gave as a reason why they could not all be forged, that he had taken some from another quarter; did he give you to understand what that quarter was?—No, he did not.

2591. With respect to the others, you say he at one time mentioned Rapallo?—I cannot speak positively to that; he said he had got the bills from Rapallo, but whether he said that he had got them all from Rapallo I cannot say; although so large a sum was at stake, I took no personal interest in it, but I recollect he said, "They cannot all be forged, for I got some from a different party or elsewhere;" I cannot recollect the expression.

2592. That was in the cab, you think?—I should say positively it was in the cab.

2593. Your Lordship mentioned that when the account between you and Mr. Morgan was closed, there was a balance of 1013*l*. 15*s*. Has that been paid to Morgan?—It has, in consequence of an arrangement with my solicitors, and since repaid to them.

2594. Does your Lordship recollect the date of the settlement with Messrs. Morgan?—On the 2nd of November.

[*His Lordship withdrew.*]

Mr. *Murray Richardson* sworn and examined.

2595. You are brother to Mr. Lawford Richardson?—I am.

2596. Did you at any time desire your brother to carry in some Exchequer Bills for you to be funded?—I did.

2597. Will you direct your attention to Nos. 8417, to 8428, 7092, 7093, 7066, and 7099; did you at any time request your brother to carry in those bills to be funded?—I did; bills of those numbers.

2598. Can you state from whom you got those bills?—I purchased some of them in the market of a Mr. Keyser.

2599. Will you specify the numbers and the times at which you bought them?—I bought on the 26th of October 17,000*l.* Exchequer Bills of Mr. Keyser, a person of respectability in the Stock Exchange.

2600. You bought them on the Stock Exchange?—Yes, in the Exchequer Bill Market.

2601. How did you pay for them?—I paid for those bills as per account, which I have brought (*producing the same*). In that 17,000*l.* there are other bills besides those which have been mentioned. That is the name of the gentleman of whom I purchased them, Mr. Charles Keyser. I have the original note of the sale (*producing the same*).

The same was read as follows :—

"Sold to Mr. M. Richardson, "26th Oct., 1841.

8417 to 8428	12 | 1000	March 15, 1841	. .	£12,000	0	0
		Interest 225 days	. .	253	3	0
6058, 6059, 7092, 7093	4 | 1000	June 16, 1841	. .	5,000	0	0
2731, 2732	2 | 500	June 16, 1841	. .			
		Interest 132 days	. .	61	17	6
		Premium 11*s.*	. .	93	10	0
				£17,408	10	6

For CHARLES KEYSER,
GEORGE FULLER."

2602. How has that account been settled?—This is the entry of the way in which it was settled.

The same was read as follows :—

"Stallard's account . . .	£8,812	10	0
Glyn and Co., draft of Richardson	3,189	13	10
Stallard, account . . .	4,406	5	0
Hichens, account . . .	1,000	1	8
	£17,408	10	6

Mr. *Richardson.* It is customary with us in the settlement of an account of this description to make something similar to a banker's clearing; we do not settle every individual transaction by itself, but take the balance of all the transactions of that day and pay or receive a cheque to make the account tally, and if one person owes a sum of money to the other, and another owes back again, they arrange the general debit or credit for the amount. Mr. Keyser had to pay Mr. Stallard 14,000*l.* or 15,000*l.*, and therefore we made it up.

2603. You have not got the cheque?—No, I have not.

2604. Have you your banker's pass-book?—No, I have not my pass-book; I have my private book containing my account with my bankers (*producing the same*).

2605. Where does Mr. Keyser live?—At the Stock Exchange; the dealers have no other counting-house but the building.

2606. The numbers you purchased from Keyser appear to be 8417 to 8428, 6058, 6059, 7092, and 7093, for 1000*l.* each, and 2371 and 2372 for 500*l.* each?—Yes.

2607. From whence did you purchase the others?—I have an account here for two more which I purchased of another gentleman, Mr. Samuel R. Heseltine; the numbers of those are 7066 and 7099. This is the bill of sale delivered to me at the time (*producing the same*).

The same was read as follows :—

Examinations.

Mr. M. Richardson.
24th May, 1842.

"27th October, 1841.
Sold to Mr. M. Richardson,

7066 / 7099	2	1000, dated 16th June, 1841 . .	£2000	0	0
		Interest 133 days	24	18	9
		8 premium . . .	8	0	0
			£2032	18	9

SAMUEL R. HESELTINE."

2608. Who is Mr. Heseltine?—He is a dealer in foreign securities.

2609. Is he a member of the Stock Exchange?—Yes; he is a very respectable person. Mr. Keyser is, as myself, an English dealer.

2610. Is Keyser a broker?—He is what we term a jobber, a dealer.

2611. What is the date of the draft on Glyn's?—The 28th; but it appears to have been paid on the 29th. This is the account in my book.

The same was read as follows:—

"Bought on the 27th of October, not paid for till the 29th (interest added 4*s.* 5*d.*) .	£2033	3	2
Paid for, viz., by transfer to Bank of England	0	15	0
By cheque on Glyn's	2032	8	2
	£2033	3	2."

2612. Had you any previous dealings with Mr. Keyser?—Very large indeed.

2613. In Exchequer Bills?—Seldom in Exchequer Bills, except at the periods of funding, for we do not ordinarily deal in Exchequer Bills but at the time of funding; the jobbers who deal in stock purchase them on funding occasions, but we deal generally in Consols, Reduced, &c.

2614. You are a jobber in the funds?—Yes, a dealer, as it is called.

2615. Ordinarily confining yourself to dealings in Consols and Reduced, but, at the time of a funding of Exchequer Bills, occasionally dealing in Exchequer Bills?—We are obliged to deal then in Exchequer Bills, because a great proportion of the subscription for the funding is done by jobbers in the funds, and of course they must purchase Exchequer Bills in lieu of the stock they receive from the Bank of England. There is one circumstance I would wish to explain! My brother I believe stated yesterday, that he subscribed in his name for me 35,000*l.* scrip; we ordinarily do it in our own names. I wish to explain why I did it in his name. When we subscribe for a loan we are obliged to enter our name, and the party subscribing is compelled to come up to the Exchequer Bill Office to receive his interest; and therefore, to prevent both of us having to come, we determined to decide by lot in whose name they should be subscribed; I gained the lot, and he subscribed for me, and I handed him my Exchequer Bills, which, though nominally, as far as the Government were concerned, belonged to him, in fact belonged to me. When he received the scrip receipts in lieu of Exchequer Bills from the Bank of England, he handed them over to me; that is the reason why his name is subscribed for the whole, 25,000*l.* being for himself, and 35,000*l.* for me. There is another point I wish to explain; it is in reference to the continuation of the subscription of the loan in my brother's name, and not in mine. When he returned me those scrip receipts, I might have taken the scrip receipts and paid them up in my own name, and kept the whole in my own hands; bu' then I should have lost the option the Chancellor of the Exchequer gave us in reference to paying half in money and half in bills, the Chancellor of the Exchequer compelling us to pay half of our subscription in bills, giving us the option of paying money or bills if we pleased, but there was a profit with Exchequer Bills below 12*s.* premium, which was about the current price of Exchequer Bills when the subscription was proposed. If I had continued the subscription in my own name I should have lost the advantage which an original subscriber had, and should have stood on the level of a mere person who bought the scrip. I have brought here an account of all the Exchequer Bills I bought during the last funding. I wish to explain how the price varies. At the first date, the 27th of September, Exchequer Bills rose immediately, and the stocks fell. I then bought my Exchequer Bills, for the first instalment, at 15*s.* premium, but they did not rise from that time; after the first instalment became due they fell down to 12*s.* When the price got down to 12*s.*, there was, of course, a great demand for bills, for we were compelled to pay half our subscription in bills, and anything below 12*s.* was a profit to the party who subscribed. For instance, if I subscribed for 35,000*l.* I must give to the Chancellor 17,500*l.* Those bills, the receipts for which I hold in my hand, have been admitted to be genuine, and the interest has been received in the ordinary way.

2616. You had had previous dealings with Heseltine as well as with Keyser?—I had, for years.

2617. In Exchequer Bills?—I do not know that I have had any transactions with Heseltine in Exchequer Bills, being a foreign dealer. I suppose he did not deal in Exchequer Bills once in twelve months; and, if he did, he would not come to me, not being an ordinary dealer in them.

2618. At those dates of the 26th and 27th of October, had any rumours reached you of irregularities in the Exchequer Bill market?—On the 26th and 27th of October there were certain remarks in the 'Times' about money having been borrowed at high rates of interest on Exchequer Bills, which made some suspicion attach to Exchequer Bills generally; but my belief at

the time was that that referred to some transactions of some persons who had had bills entrusted to their care, who had used them for their own purposes.

2619. No idea suggested itself to your mind of forgery at that time?—I had no conception of any such thing.

2620. Did not the report induce you to use more than ordinary caution in purchasing those bills?—It did. When he came to sell me those bills, it being profitable to me to buy at or under 12*s*,, he said, "I want to sell 17,000*l*. bills for the funding, which I do not want myself. I have not subscribed to the funding; I know it will suit you to buy." I said, "There is a talk about bills; have you taken up your bills to be examined?" He said, "Yes; I have taken them up to the Exchequer Bill Office, and have had them examined."

2621. Did Keyser state that?—He did. I can state that distinctly. "I have taken them up to the Exchequer Bill Office, and have had them examined by three different parties. They have not only been examined, but have been compared with the counterfoils, and declared to be genuine." Those were the words he made use of to me, as far as my recollection goes. I did not pay him money, but cheque, for those bills. I did not consider myself in any degree personally interested, though he is a man of respectability; for I did not pay him for the bills till I got stock out of the Bank of England. I considered that the Bank would not give me the stock if the bills were not good. In fact, we consider that the best way to test bills is to pay them in at the funding.

2622. Did anything pass at the time with Heseltine?—Yes. He came to me the following day, having heard that I had bought Exchequer Bills, saying he had two 1000*l*. Exchequer Bills to sell. They were then a little flatter; there was a little more noise about them. I said, "I have bills I bought from Keyser, after he said he had had them examined in the Exchequer Bill Office." He said, "I am nearly in the same position, for I got Mr. Masterman to take them to the chief cashier of the Bank of England, and he said that those two bills were genuine, and would be received in the funding." I purchased them of him, and received the stock in lieu; had the stock transferred, and paid him the money for them; but not till two days afterwards, when I had the stock.

2623. Both those parties knew that you purchased them for the funding?—They did; they came to me on that account.

2624. Have you since heard, from either of those parties, Keyser or Heseltine, from whom they got the bills?—Yes, I have heard since.

2625. From themselves?—I can only say that in reference to Keyser; I do not know that I can say so with reference to Heseltine.

2626. What have you heard from Keyser?—I have heard from Keyser that he lent the money to Mr. William Morgan; I did not know absolutely from whom; I mean personally I did not know from whom Mr. Heseltine received his.

2627. Did Keyser say anything more than that he had lent the money to Morgan?—No, he said nothing more than that; he told me he had lent the money to Morgan on those bills, and that he should sell them. I do not know that he said more than that, and asked me whether I would buy them.

2628. Did he state, at the time of the sale, to you that he had lent the money to Morgan?—Yes; I think he stated it so at the time; but certainly immediately afterwards.

2629. That was just after he had actually sold them to you?—Yes, I bought them on the strength of his being a responsible party; secondly, his having them taken up to the Exchequer, and had them examined; and, thirdly, because I did not pay for them till I had got stock in lieu. On the 3rd of November my brother came to me, and stated that he had received a letter from the Chancellor of the Exchequer, stating that 14 of the bills I had received from Mr. Keyser, and two I had received from Mr. Heseltine, were forgeries.

2630. Have you got that letter?—No; it was addressed to my brother, as he was the ostensible party. I told my brother when he paid in those bills that Keyser had had them examined. In fact I told him precisely what I have now stated.

[*The Witness withdrew.*]

Adjourned till Thursday next at 11 *o'Clock.*

THURSDAY, 26th May, 1842.

Examinations.

26th May, 1842.

The EARL of DEVON in the Chair.

Henry Currie, Esq., sworn and examined.

H. Currie, Esq.

2631. The Exchequer Bills Nos. 7058 to 7062 appear to have passed through Mr. Hilton's hands to Mr. Hensley. Do you yourself know anything of the transaction on which they passed through your hands?—I have no knowledge of the identical bills.

2632. Do you know anything of the circumstances attending the bills being brought to you?—I have no knowledge of ever having seen the bills; I am perfectly cognizant of the circumstances of the case.

2633. Have the goodness to detail to the Commissioners the circumstances of the case, when the loan was made, and certain Exchequer Bills deposited with your house?—I fear I have no more information to give than was given by Mr. Lawford when he was examined, which was extracted from our books.

2634. Of whom did the firm of your house consist at that time?—Mr. Isaac Currie, Mr. Isaac George Currie, myself [Henry Currie], and Mr. Raikes Currie.

2635. In what manner were your house connected with the Exchequer Bills which have been referred to?—Mr. Mollett is a person confidentially connected with our house, and who has been in the habit of employing money for us in various ways.

2636. Have the goodness to state the circumstances connected with your application to Mr. Mollett?—On the 14th of April, 1841, we sent to Mr. Mollett to inquire whether he could employ money for us, either by bills for discount or by making a loan on security: that is what we have been in the habit of doing for some years past; he is agent for a very large house, and is in the habit of getting bills which bankers like to discount, and we had been in the habit of lending him money on warrants for some years previous.

2637. In April you sent in the ordinary course of business to Mr. Mollett?—Yes: two of his brothers are clerks in our house, and the partner in attendance sent to him as a matter of course to know whether he could employ money; he took 5000*l.*, for which he gave four and a half per cent. interest, at one day's notice of repayment on either side, and for that he deposited Exchequer Bills as security. There was no mention made of what security he was to give us, for we sent in the first instance to know whether he could take money; whether he left commercial bills, or warrants, or Exchequer Bills, was with him. On the 24th he took 4000*l.* more on the same terms, and on the same security, that was at four and a half per cent. On the 22nd of May he took 4000*l.* more at five per cent., money then becoming rather more valuable, on the same security.

2638. A deposit of further Exchequer Bills?—Yes. On the 4th of June he repaid to the house 6000*l.* of that and the interest; I at the time having money for which I was responsible, belonging to various members of my family which was seeking to be invested, lent him the money myself, the 6000*l.*; on the 5th of June he repaid to the house 3000*l.* and the interest, leaving 4000*l.* due to the firm, and 6000*l.* due to me, and he took away a proportionate number of Exchequer Bills.

2639. Have you any means of knowing the numbers of the Exchequer Bills so deposited?—I only know the numbers which were copied from our Exchequer book, which our clerk has got with him. I do not pretend to remember the numbers of them.

2640. Further than that you know nothing about the Exchequer Bills?—I know nothing of the identical bills.

2641. Mr. Mollett is a person you had been in the habit of dealing with?—Yes: he is a most respectable person; he is the agent for the very large house of Baron Steiglitz, in Petersburgh, and is very much connected with some of the first houses, Baring's house, and others. The circumstance of our having two of his brothers with us has brought him into connexion with the transactions of our house.

2642. That would leave ten bills of 1000*l.* each in your possession?—I presume that was the case; I have no doubt they were 1000*l.* bills. Our course of business as bankers is, when money is lent to parties, to see that the security is what it represents itself to be.

2643. Was Hilton employed in respect of any of those bills?—He was employed to sell the bills at the time, in October.

2644. Did the loan become yours, or how came you to sell them?—At that time they were not redeemed, we called on Mollett to repay the money, and he said you had better sell the Exchequer Bills and repay yourselves.

2645. When did you hear anything about their not being good bills?—I heard when everybody else heard. I do not recollect the precise day.

2646. What was the first step your house took on hearing of it?—I do not know what we did ourselves. We waited to see what was to be done in the matter.

2647. Has your house taken any proceedings against Mollett, or anybody else, to recover the money?—No; we are in a state of suspense to know what is to happen to us.

2648. Mollett is a solvent man?—We have not inquired into the particulars about that. Whether he is solvent to the extreme of the amount I cannot say.

2649. You have not been advised to take any step?—Certainly not. We shall not take any step till we see what is done.

2650. Have you individually had any conversation with Mollett on the subject of these bills

since?—Of course; coming into our house constantly as a customer, we have often talked to him.

2651. Has he given you any account of them?—He has given us an account of them.

2652. What did he tell you?—He told us that he got them from a party on the Stock Exchange; and that he got them merely to employ the money; that he got only half per cent. by it; that he borrowed the money at four and a half, and received five, I think; but I should not wish to pledge myself to that. We have talked over the business, but I have made no note of it.

2653. Have you been in the habit of seeing Mollett at different times since?—Yes; we have lent him money at various times. He owes us money at the present time. He is a most respectable, honourable man.

2654. Do you recollect the date of his last deposit of bills? Was it the 22nd of May?—The 22nd of May he took 4,000*l.* more, at five per cent., and left additional security.

2655. That would be the last deposit he made of Exchequer Bills?—Yes.

2656. Do you recollect any of the bills he deposited being withdrawn, except on a re-payment? Did he withdraw any, to your knowledge, for the purpose of having them exchanged when the periods for exchange came round, lodging with you other securities?—I am not cognizant of that: he did not exchange them at the right time.

2657. What occurred in that respect?—One is judging now by the event. The impression on one's mind now is totally different from what it was; but the fact, as I am now aware, is, that he did not at the time exchange the bills. He did not take them to be exchanged, but replaced them a certain time afterwards by other bills. One wonders now that he did not do so, but at the time there was nothing extraordinary in it. The custom of bankers is so completely to see that the security left is what it is represented to be, and then not to trouble one's self any more about it.

2658. When the periods for exchange came round, you sent him a notice?—It appears that we did send him a notice, requesting to know whether the bills should be exchanged or not.

2659. Would that be by letter?—It probably was a verbal communication, as he was in the habit of coming to the house.

2660. What was the effect of it?—The effect of it was that they were not exchanged at that time. At the time the bills were advertised to be exchanged, we sent to him to know whether we should take them up with the bills we held for different customers. It appears that he had communicated his wish that they should not be exchanged; that he would do it himself; that they would take care of it themselves.

2661. In point of fact did he afterwards obtain them from you, and at what time?—On that subject I would wish rather to refer to Mr. Lawford, who has the book. But on a certain day he did withdraw the bills, and deposit fresh bills; but I was not aware of it at the time.

2662. You say Mr. Hilton was employed by you to sell the bills in October. Do you know to what amount?—He sold the whole 10,000*l.*

2663. Do you happen to know that some of those bills were sold to Mr. Hensley?—I have been told so.

2664. Do you happen to know what became of the rest?—I really do not know. Mr. Hilton can of course state that fact.

2665. Mr. Mollett did not mention the party on the Stock Exchange from whom he had got those bills?—He has told us in private conversation since, that it was through the intervention of Mr. Scott, a Russia broker.

2666. Had you had previous transactions with Mollett in Exchequer Bills?—I will not swear that we had had previous transactions with him in Exchequer Bills, but we had had transactions in many different kinds of securities—sometimes warrants, sometimes bills. I will not swear that we had in Exchequer Bills, but I believe we had.

2667. Did Mollett appear to be dealing as principal in this matter, or on account of another person?—Now he tells us it was for another person; but at the time I thought it was his own operation, not his own money, but as agency business.

2668. You thought he was acting for an un-named principal?—Just so.

2669. Does your house claim any of the bills in the schedule as owners of them?—The house claims 4000*l.* and I claim 6000*l.*

2670. You claim 10,000*l.* of the bills in the schedule?—Yes.

2671. You have, in point of fact, paid 10,000*l.* for them?—Yes; we paid 10,000*l.* in bank notes immediately on learning that the bills we had delivered were bad.

2672. Have you any recollection in what mode you paid the 6000*l.* from your account?—It was money belonging to different members of my family. I desired it might be transferred to the account; and I said, "I will employ the money in that way till I can get a mortgage or something in which to invest it."

2673. That will appear in the books of the house?—Certainly.

2674. The lending money to be returned on a day's notice is not uncommon among bankers?—No, not at all. What we prefer is to lend payable on demand. It is not uncommon for a banker to have 200,000*l.* lent to bill-brokers, which they call for whenever they want it.

2675. Is it common for money to continue out at four and a half and five per cent. interest for so long a period as that in the present case?—It is by no means uncommon. We considered that there was some speculation going on in tallow, or some article, and that it might be put an end to at a certain moment: we had no suspicion; having the security of Exchequer Bills, which were considered immaculate.

2676. The fluctuations in Exchequer Bills is not so great as in some other securities?—

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H. Currie, Esq. 26th May, 1842.

The fluctuation is sometimes great; but it is trifling in large operations. The advantage of lending on Exchequer Bills is, that they are always saleable. It is not an unusual thing for large operators to hold Exchequer Bills for a considerable amount, and a considerable time, for it gives them great security. We, as bankers, are in the habit of lending money instantaneously on Exchequer Bills. Parties bring 10,000*l.* in Exchequer Bills, and take away the bank notes: then at a subsequent day they bring in the bank notes and take away their Exchequer Bills.

[*The Witness withdrew.*]

Mr. *John Lawford* further examined.

Mr. J. Lawford.

2677. What books have you brought with you?—The Exchequer Bill book and the ledger of Messrs. Currie.

2678. Can you, by reference to that, state the numbers and dates of the bills deposited with your house from time to time by Mr. Mollett?—I can: Nos. 5985, 5899, 5930, 5931, 5932, 5933, 5876, 5877, 5878, 5929, dated the 17th of June, 1840; Nos. 8445, 8448, dated the 15th of March, 1841; then there are 7057, 7058, 7059, 7060, 7061, 7062, 7063, and 7064, dated the 16th of June, 1841.

2679. Those ten bills you have last enumerated are the bills which the house claim as their property?—Yes; for which we have the receipts of the Exchequer.

2680. Can you now show how the money was advanced on the security of those bills?—I have the entry here, the 14th of April, 1841, Mr. Mollett had credit 5000*l.*

2681. How was that paid?—That was placed to his account; he had credit for it in his account.

2682. No specific notes passed?—No; he drew it out as he wanted it.

2683. What was the next payment you find?—The 24th of April, 4000*l.*, which was placed to his account in the same way. The next is the 22nd of May, 4000*l.*, equally placed to his account.

2684. When is the first entry of repayment?—The 4th of June, 5000*l.* repaid with interest.

2685. How is that repaid? merely putting it on the other side of his account?—He paid in 6000*l.*, and repaid us 5000*l*; he has had credit for 6000*l.* Then there is Mr. Henry Currie, 6000*l.*: in fact, it was transferred from the house to Mr. Henry Currie.

2686. When was the next repayment?—On the 5th of June, Mollett repaid 3000*l.*

2687. How did he repay it?—It went to his account. He must have paid in cash for it. He has had credit in the ledger for one sum of 3000*l.*, and is debited on the other side for the loan and interest.

2688. Can you ascertain how that was paid?—Yes; I can ascertain of what it consisted.

2689. Will your book show how you disposed of those Exchequer Bills?—They show that, on the 26th of October, we credited Mollett's account with the proceeds of the ten bills, having sent them to the broker; in fact, we have Mr. Hilton's cheque for them.

2690. Have you the broker's account?—No, I have not; they produced 10,186*l.* 3*s.* 9*d.*, and we received that money from him, and wrote off the loan and the interest, 179*l.* 7*s.* 8*d.* I did not give an account of the interest on the other loans; this was the interest only on the 10,000*l.*

2691. So far you consider that the account was balanced?—The account was closed.

2692. You only know from Hilton to whom he sold?—Only from him. I believe I have the ticket at home.

2693. Have you any entry there of the period at which you paid the 10,000*l.*?—No, that is in Mr. Hilton's account.

2694. The whole was transacted for you by Mr. Hilton, your broker?—Yes.

2695. Did Hilton render you any account sales?—Yes; I am not certain whether we have got them, or sent them on to Mr. Mollett.

2696. Can you state the transaction with respect to No. 8445?—That was put into Mr. Hilton's hands with the other bills to be sold, and was sold and included in the account of Mr. Mollett. Mr. Hilton brought the bill back to us, and we paid him the value for it; then we sent it up to the Exchequer to be marked, and got a receipt for it.

2697. When you sold the ten bills, you had previously applied to Mr. Mollett for repayment?—Yes, we had.

2698. Was that by letter, or in what form?—I applied myself verbally.

2699. What answer did he give?—He gave as an answer, as well as I can recollect, that the party wished us to sell the bills.

2700. Did he say whether he was able to redeem them or not?—No, he did not, certainly; that he wished the bills to be sold.

2701. At what date was this?—The 24th of October.

2702. Do you recollect the circumstance of a communication being made by your house to him relative to any former bills deposited, that the period of exchange was come round, and that they wished to know by whom they were to be taken in?—Yes, I do. I stated before that Mr. Mollett's brother was a clerk in our house, and I mentioned my being about to take up the bills to be exchanged to him, and asked him whether we should send up those we held as security for his brother: he communicated with his brother.

2703. Was the answer received through Mollett, or through his brother?—The answer was received through his brother.

2704. What was the effect of the answer?—The effect of the answer was, that we should hold them. As well as I can recollect, he said that he should take care of them.

2705. Can you give the numbers to which this transaction related?—They were eight bills, numbered 5930, 5931, 5932, 5933, 5876, 5877, 5878, 5929, dated in June, 1840; the bills went up on the 9th of June.

2706. If he had taken them away to be exchanged, would he have had to deposit other bills in lieu of them?—Certainly.

2707. In point of fact, how long were those bills afterwards in the possession of your house?—They appear here to have been returned on the 24th of June.

2708. They were each for 1000*l.*?—They were.

2709. Were they returned on his application?—I should say they were; but I cannot charge my memory with that.

2710. Can you state the date of the communication through Mollett's brother?—No, but I should say it was the day before we sent them up we communicated with some of our customers.

2711. On what day do you believe the answer to have been received?—I should say the 8th of June, the day before the other bills were sent up to be exchanged.

2712. Was any reason assigned why they were not to be sent up to be exchanged?—No further than that he would take care of them.

2713. Did that occur to you as at all particular?—It did strike me.

2714. In what way did it strike you?—It struck me that it was unusual to keep bills after they were advertised.

2715. Did you notice the circumstance in any way to the house?—I did, I mentioned it to one of the partners.

2716. To which partner?—I cannot recollect.

2717. Had you had prior dealings in Exchequer Bills with Mr. Mollett?—I think not before the 14th of April.

2718. You say the thing was unusual, is it the practice of persons who deposit bills to take away the bills themselves on the occasions in question, leaving new securities?—Yes, I think it is.

2719. Is it more usual for the depositor to take them up to be exchanged than for the Bank?—I think it is.

2720. Is it done both ways?—My experience does not go so far as that; but I think the party depositing them takes them up generally, as we do not consider ourselves responsible for any loss which accrues.

2721. You know nothing, of course, of what afterwards became of the numbers he desired to be exchanged at that time?—No, nothing at all. On the 24th of June he left eight others.

2722. Do you happen yourself to have had any personal communication with Mollett on the subject of the bills you claim?—I have a note from him in my possession, stating that the party was informed that we had sold the bills; that he noted the transaction, and was satisfied with it.

2723. You have not the note here?—No, but it contains nothing more than that.

2724. He does not in that note mention the party?—No, he does not.

2725. Has he at any time mentioned to you the party?—No, neither John Mollett nor his brother.

2726. Does any further fact occur to you which you think it material to state to the Commissioners?—No; I have brought up the other ledger, to show the way in which Mr. Henry Currie made up the money: it came from different sources; from some executorship accounts the money was transferred to Mollett's account.

(*The book was produced, and inspected by the Commissioners.*)

2727. The new bills were dated the 16th of June, and could not, therefore, have been exchanged for the bills first deposited with you?—No, the 9th of June was the regular day for the exchange.

2728. Would that be the last day of sending in for exchange?—Yes.

2729. Did it appear to you, from the communication made to you by Mollett's brother, that Mollett himself had communicated with the party for whom he acted, or was Mollett's answer given as from himself?—My impression was certainly that he had communicated with the party.

2730. What is the name of Mollett's brother, to whom you have referred?—William Mollett.

2731. He is now a clerk in your house?—Yes.

[*The Witness withdrew.*]

Henry Currie, Esq., further examined.

H. Currie, Esq.

2732. Mr. Lawford states that it struck him as an unusual circumstance that Mollett expressed a desire that the Exchequer Bills should not be taken up to be changed, and that he mentioned it to one of the partners; do you recollect whether he mentioned it to you?—I have no recollection of it.

2733. Should you have considered that a circumstance out of the common course, that a desire was expressed that the bills should not be taken up to be exchanged?—If he had said he would take care of them himself, I should not have considered it at all out of the usual course, but not having them exchanged I should certainly have considered an extraordinary circumstance. It does happen that, having Exchequer Bills belonging to different parties,

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we exchange them, and sometimes they exchange them themselves. The circumstance of not sending them up strikes one now as a very extraordinary circumstance; but, at the time, I do not suppose we should have regarded it for a moment, thinking there might be some large speculations going forward, and the parties not wishing to part with their Exchequer Bills; for when the Exchequer Bills are sent up to the Exchequer, they are impounded for ten days; they cannot be operated on for ten days. Large operators always consider that.

2734. Would that be consistent with his allowing them to remain in your hands so long as the 24th of June?—It would be possible, certainly. Large operators are in the habit of keeping Exchequer Bills more or less; it used to be much more the case than it is now. When first I came to the banking-house, parties used to be coming backwards and forwards with Exchequer Bills, raising money at a moment and redeeming them at a moment.

[*The Witness withdrew.*]

Christopher Robert Pemberton, Esq., sworn and examined.

C. R. Pemberton, Esq.

2735. Do you produce some bills purporting to be Exchequer Bills?—I do.

2736. Do you bring them from the Chancellor of the Exchequer?—I do; they are enumerated in the Act; they are bills received from Mr. De Berckem, on the 25th of October: Nos. 6404, 6405, 6406, 6407, 6408, 6409, 6410, 6411, 6412, 6413, 6433, 6460, 6461, 6462, 6463, and 6464.

2737. Did you receive all those from De Berckem?—I did.

2738. They have been in your official custody ever since?—I have never parted with them since. [*The Witness delivered in the same.*]

2739. Did you receive them from De Berckem's own hands?—I did.

2740. Were those all the bills you received from De Berckem?—They were not all the bills he placed in my hands; at one time he had 60,000*l.* with him. The occasion of my receiving those bills was, that he came to me at ten o'clock in the morning; the Chancellor of the Exchequer was out of town; he had 60,000*l.*; sixteen out of the sixty were at that time under dispute, and under suspicion of being forgeries; and it was in consequence of that that he remained in my room till he could remain no longer; I think eight or nine hours. He was very anxious to go away: I said, "I thought he had better leave the bills that were under dispute with me," and he did so.

2741. What was the object of his remaining?—I rather think the Chancellor of the Exchequer had reason to suppose that it would be very advisable not to allow De Berckem to go out of my sight, if I could help it, and I kept him.

[*The Witness withdrew.*]

Mr. *William Bennison* sworn and examined.

Mr. W. Bennison.

2742. You are a partner in the firm of Bennison and Lennard?—Yes.

2743. What business does that firm carry on?—Discount brokers and money dealers.

2744. Do they deal in Exchequer Bills?—We do not deal in Exchequer Bills; we advance money upon them when they are offered to us.

2745. Do you remember a transaction with Mr. Alfred Cutting, with reference to certain Exchequer Bills?—Yes, we have had transactions with Messrs. Cutting.

2746. Will you have the goodness to state those transactions?—On the 26th of October we delivered to Mr. Cutting three Exchequer Bills to pay them in for the funding.

2747. Can you give the numbers?—8275 to 8277.

2748. He was to fund them on your account?—To pay them in for the funding, and to sell the stock, and pay us over the amount of the bills.

2749. From whom had you received those bills?—We took them on pledge from John Mollett, in the ordinary course of business, on the 5th of June. Here is the cheque by which we paid them the advance on them.

The same was read as follows:—

"*No.* 1, *Lombard-street, London, 5th June,* 1841.

"*Messrs. Smith, Payne, and Smiths,*

"*Pay* 641 ———, *or bearer, three thousand pounds.*

"£3,000. "*Bennison and Lennard.*"

Mr. *Bennison.*—Afterwards, on the 30th of November, he gave us a cheque for the interest; it began at five, it afterwards went down to four and a half, and afterwards five per cent. This is the account (*producing the same*)—

The same was read as follows:—

"London,

" London, 6th Nov., 1841.

" Mr. J. Mollett, Dr. to Bennison and Lennard,

" For Interest, &c.

" £,3000 Loan on Exchequer Bills, at 5 per cent. 5 June to 20 July	£18	9	10
Ditto at 4½ per cent. 20 July to 25 Aug.	13	6	3
Ditto at 5 per cent. 25 Aug. to 26 Oct.	25	19	7
	57	5	8
Balance paid to A. Cutting, as per Account*	21	9	2
	£78	14	10

" Received by cheque on Currie and Co., 30th Nov., 1841.—B. & L.

" * Paid to A. Cutting, 6th Nov., by cheque on Smith, Payne, and Co. £21 9 2

" B. & L."

2750. Did any writing or memorandum accompany that pledge?—No, none whatever.

2751. For what period was the loan?—It was a loan from day to day; it was at Mr. Mollett's option to pay it off whenever he thought fit.

2752. Did that loan remain unredeemed till the 26th of October?—Yes; on that day he came to us, and said he understood those Exchequer Bills had come originally from De Berckem; that there was a doubt about the genuineness of the bills, or the legality of them; and a deputation had waited upon the Chancellor of the Exchequer the previous day concerning similar bills, that the Chancellor of the Exchequer had said he would not pronounce them forgeries: and when they asked what was to be done with the bills, he had told them, "I think you had better pay them into the Bank." Acting upon this suggestion, Mr, Mollett said, "Of course I do not wish to sell these bills in the market, to incur future responsibility upon them; therefore I wish to have them paid into the Bank, in deference to the suggestion of the Chancellor of the Exchequer." I wanted him to take the bills out of our hands, and give us the money. He said we might as well have the transaction, as have them taken from us. I said, "We are not stock-brokers." He said, "I am agitated; I am flurried; I wish you would do it for me:" and I handed them over to Mr. Cutting. We gave the Exchequer Bills to Cutting, and he gave us a cheque against them for 3000*l.*

2753. Your debt has been paid?—It has: Mollett paid us 78*l.* 14*s.* 10*d.* for the balance.

2754. You say that Mollett told you he understood the bills had come originally from De Berckem: did he say from he had himself received them?—I do not think he told me himself from whom he had received them, but I knew from general knowledge that he received them from William Simonds.

2755. He did not state that himself?—He did not.

2756. He stated that the Chancellor of the Exchequer would not pronounce other bills which were referred to him to be forgeries?—Yes; bills under similar circumstances.

2757. Did he say that the Chancellor of the Exchequer had said that in his hearing?—No. He went to the counting-house to a person who had been one of the deputation the previous day. I think he had heard it previously, but it was confirmed by this gentleman, Mr. Maubert.

2758. You did not think it necessary to take them up to be examined previously to paying them in?—No; he hurried me; he said, "I wish it to be done immediately." I said, "I will do it to-morrow:" he said, "Oh, no; I wish it to be done immediately; do it to-day." Besides that it happened on Tuesday, which is our busy day, and when I should not be able to come up to the west end of the town.

2759. Did you examine the bills yourself, to see whether there was any circumstance of suspicion about them?—No; I should not have known one bill from another.

2760. You did not, in point of fact, examine them at all before you delivered them out to be funded?—No, not at all.

2761. Had you had previous transactions with Mr. Mollett of the same kind?—Yes, occasionally; not large transactions. We had had very large transactions with De Berckem; but we became suspicious that he was committing a breach of trust, or something, and we closed with him. I have an account of our previous transactions with him.

2762. What particularly had given rise to the suspicions which led you to discontinue your transactions with De Berckem?—Here is the account, whereby I see that we began with De Berckem in December, 1839. We lent him sums at different times, till it amounted to about 80,000*l.* on Exchequer Bills. The last sum we lent him was 10,000*l.* on the 27th of November, 1840. On the 25th of November he took away some Exchequer Bills, and paid us the the money for them: those had been in the hands of Mr. Cutting. In about a week or ten days after they were returned to De Berckem. He came to us in a great fright, in a state of alarm, and said, "Eleven of the bills have been exchanged." I said, "That can make no difference to you, as long as you get the same dates; if your bills were June bills; and you get back June bills, that can make no difference to you." He said, "it made a great difference; that the parties were highly incensed about it." I sent him to Mr. Cutting. Mr. Cutting, I think, took some pains to trace the bills; but after three weeks or a month they were traced or recovered, and other bills given for them.

2763. Can you give the numbers?—No. Seeing this transaction, that the man was afraid of certain numbers of Exchequer Bills going into the world, I said, "There is a breach of trust; I will have nothing more to do with him:" and I never advanced him a shilling after that, but

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gradually, in the course of two months, he reduced his amount, which stood at 82,000*l.*, at 5000*l.*, and 10,000*l.*, and 20,000*l.* at a time; the last payment was on the 5th of May. This is a copy of his account *(producing the same)*.

The same was read as follows:—

Dr. DE BERCKEM and Co. in account with BENNISON and LENNARD. *Cr.*

1839.			Rate.	£.	1839.		£.
Dec. 14	Cash for loan on Exchequer, till	Dec. 28	6½	6,000	Dec, 30	By cash from them, repayment	1,000
,, 16	,, ,,	,, 30	6½	9,000	1840.		
,, 17	,, ,,	,, ,,	6½	1,000	Jnne 2	,, ,,	7,000
1840.					,, 3	,, ,,	3,000
Jan. 6	,, ,,	Feb. 6	6½	5,000	Feb. 22	,, ,,	6,000
,, 15	,, ,,	Jan. 20	6	2,000	Mar. 2	,, ,,	5,000
Feb. 18	,, ,,	Six weeks	4¾	7,000	Apr. 10	,, ,,	8,000
,, 20	,, ,,	March 5	4¾	10,000	May 14	,, ,,	8,000
Mar. 3	,, ,,	April 25	5	5,000	Oct. 6	,, ,,	1,000
,, 31	,, ,,	Ten days	5½	8,000	,, 30	,, ,,	2,000
Apr. 10	,, ,,	May 26	4¾	4,000	Nov. 20	,, ,,	2,000
,, 14	,, ,,	,, 14	4½	8,000	Dec. 1	,, ,,	10,000
,, 15	,, ,,	,, 15	4½	12,000	,, 2	,, ,,	5,000
,, ,,	,, ,,	,, ,,	4½	10,000	,, 7	,, ,,	4,000
,, 22	,, ,,	,, 20	4¼	1,000	,, 8	,, ,,	5,000
May 14	,, ,,	June 13	4½	2,000	., 23	,, ,,	12,000
June 26	,, ,,	July 28	5	5,000	,, 24	,, ,,	11,500
,, 30	,, ,,	Aug. 1	5	10,000	1841.		
July 10	,, ,,	,, 11	4¼	4,000	Jan. 16	,, ,,	10,000
Aug. 4	,, ,,	Sept. 4	4¼	1,000	,, 18	,, ,,	7,500
,, 17	,, ,,	..	..	1,000	,, 21	,, ,,	4,000
Oct. 24	,, ,,	Day to day	..	2,000	,, 29	,, ,,	5,000
Nov. 16	,, ,,	Call .	5½	2,000	,, 30	,, ,,	2,000
,, 27	,, ,,	Dec 29	6	10,000	May 5	,, ,,	6,000
				125,000			125,000

E. E.
B. and L.

Mr. *Bennison.* Sometimes he paid off the loans according to the time they were made for; at other times he came in and said, "We will continue the loan for two months longer," and then we fixed the rate of interest; but generally there was running from time to time, for a year, as much as 70,000*l.* On the 1st of December there was outstanding 82,000*l.*; he came to us and borrowed 10,000*l.* on Exchequer Bills on the 1st of December, the last loan we ever made him, to pay differences on the Stock Exchange. There were reports that he was going to fail, and that he could not pay. From that date the account was never increased again, but was gradually paid off.

2764. At what rate of interest was the money lent?—We expect to get a profit of half per cent. If we borrow at five, we lend at five and a half; or if we borrow at four and a half, we lend at five: we lend at the market rate at the time.

2765. What profit did those Exchequer Bills bear?—Three and a half per cent.

2766. When you speak of the market rate, is the market rate on good bills of exchange the same as on Exchequer Bills?—Generally; sometimes a little higher, and sometimes a little lower. The rate on Exchequer Bills does not fluctuate so much as on bills of exchange.

2767. Do you mean that six and a half per cent. was the usual rate of interest on the deposit of Exchequer Bills on the 14th of December, 1839?—Yes; by our book it appears we were paying six per cent. at the time; it is the common market rate of interest.

2768. Speaking without reference to the nature of the securities?—Yes; the nature of the security would make very little difference.

2769. One Government security is the same as another, as to the rate of interest you would be entitled to charge?—I should not have lent on these unless I could get the same rate of interest as I could on bills of exchange. I am a dealer in bills of exchange.

2770. How could you suppose it would answer the purpose of a borrower to give you that rate of interest for that length of period on Exchequer Bills?—That was not a matter with me, so long as he gave me that which I could get on other securities.

2771. Did any suspicion occur to your mind in reference to the circumstance that he was paying that rate of interest on a deposit of Exchequer Bills for that length of time?—Of course, having those large transactions, I wished to have an explanation.

2772. Did it occur to you that that was a circumstance requiring explanation?—I do not know that that circumstance required explanation, but the large amount of the transaction and the manner of his coming in on a settling-day on the Stock Exchange to borrow money.

2773. And the circumstance of the loan being made for this length of time on Exchequer Bills?—Yes.

2774. Those circumstances induced you to ask for an explanation?—Yes; the explanation that he gave me was, that he had a large speculative account opened as a broker with certain parties who speculated very largely in the stocks, which brought him in 2000*l.* a-year; that this business was given to him on condition that he should continue the loans on Exchequer Bills; that if he could not continue the loans on the Exchequer Bills, he would lose that business which brought him in 2000*l.* a-year; and when he reproached me with having exchanged the Exchequer Bills, he said, "You will lose me the whole of this business, I fear, by this; I fear will lose me 2000*l.* a-year."

2775. You stated that that which induced you to close the account was the circumstance which occurred relative to the search for those bills: how long previously had this explanation

been given?—I do not know how long. In the course of conversation, when he came in, I then asked, "What do you want them for?" or, "What are you doing?"

2776. How long would this be before the search was instituted after those Exchequer Bills?—It might be two or three months.

2777. Did that explanation appear to you satisfactory?—I do not know. The report of the Market was, that these bills were the property of Louis Napoleon; that he was speculating very largely in the funds, in connexion with other parties, and that the business was entrusted to this man, De Berckem; but the moment I got any suspicion that there was a breach of trust, or that there was anything wrong, or decidedly objectionable, I told him I would close the account. Since I gave him notice of that, he has frequently tried me with a large rate of interest, saying, that he was ready to begin again.

2778. Did he make applications for loans afterwards?—He did, on several occasions.

2779. Do you recollect the highest rate of interest he has ever offered on those occasions?—No. I never entered into any treaty with him; but he said he could tempt me with a high rate of interest. I do not think any rate was ever mentioned.

2780. Did he represent to you the party with whom he professed to be dealing?—No, I do not think he knew the name. He showed me a letter about the 11 Exchequer Bills, dated from Paris, in initials, and another from a club-house at the west end of the town, all of which confirmed my opinion that it was the property of Louis Napoleon.

2781. You stated that you did not believe he knew with whom he was dealing?—I do not think he knew the principal; he knew Mariner and Rapallo, and so on; but I do not think that he considered them as the principals.

2782. You stated that you had had previous transactions with Mollett in Exchequer Bills?—Yes, merely isolated transactions. We would lend him three or four thousand pounds, and in a week or two he would take away the Exchequer Bills, and repay the money.

2783. How did you become originally acquainted with De Berckem?—I have known him for some years, not intimately; but I think the first transaction in Exchequer Bills was when money was very scarce in the Stock Exchange. For instance, as it was last Tuesday, when they paid ten per cent. on the Stock Exchange. He was introduced by Mr. Simmonds on a Saturday, and asked me to let him have money; and I said, "Give us a fair price, and we will let you have 10,000*l.* on Exchequer Bills."

2784. Did you make your advances to him without any other introduction?—I knew him in the market for some years, and had known his father formerly. Coming with Exchequer Bills, we considered them an undoubted security; all we had to look to was to see that he gave us good payment. The only apprehension I had was in taking his cheque afterwards.

2785. Were your advances to him always on Exchequer Bills?—Always.

2786. They were to the full amount, from time to time, of the loans?—Yes; for an Exchequer Bill of 1000*l.* we gave him a bank note, or a cheque on our bankers, for 1000*l.* I believe it was the knowledge of the fact about the 11 Exchequer Bills which eventually spoiled his market. People were afraid of him; they thought, as we did, that there was a breach of trust, and they had better have nothing to do with him. In consequence of that, he was driven into the town to offer any rate of interest at which any person would deal with him.

2787. Do you remember the name of the party from whom the 11 bills were ultimately recovered?—I only know what he told me; that he had found 10,000*l.* in the London and Westminster Bank, and 1000*l.* with a person in Aldgate.

2788. How were the exchanges of those bills managed when the periods of exchange came round?—I told De Berckem we could not be troubled with the exchange of bills; that he must take that upon his own shoulders; and when the time for the exchanges came round he took away 12 or 20 of the bills requiring to be exchanged, and gave us other bills in lieu of them. For instance, when March came round he brought us June bills, and when June came round he brought us March bills; but that was at our request.

2789. Can you give the numbers of any former bills which had been in your possession deposited by him?—I can extract them from my books.

2790. You stated that the transaction as to searching after the missing bills became ultimately known on the Stock Exchange?—Yes; we told it to several friends as an extraordinary thing.

2791. Did you mention it immediately after the transaction?—Yes,—I think we did; it seemed to us so very extraordinary, that it induced us to close the account, and we thought, if there was fraud going on, we should be glad to give a hint to prevent such transactions.

2792. From what period do you think that transaction had become notorious on the Stock Exchange?—From the beginning of the year 1841. I presume Mr. Cutting also spoke of it; he would have no inducement to hide any dirty transaction.

2793. Your partner, Mr. Lennard, is not probably so conversant with these transactions as yourself?—No; he is my junior by seventeen or eighteen years, and does not take so great a part in the business as I do.

[*The Witness withdrew.*]

Mr. *Alfred Cutting* further examined.

Mr. A. Cutting.

2794. What have you brought with you?—I have brought with me the numbers of the 11 bills which were parted with, as I stated in my former evidence; the 11 received from De Berckem, and which were parted with, were 7387 to 7397, for 1000*l.* each, dated the 16th of March, 1840.

Examinations.

Mr. A. Cutting.
26th May, 1842.

2795. He ultimately got all those bills back again?—Yes, I believe ten of them were recovered from the London and Westminster Bank through Ellis and Co.

2796. When you heard of this circumstance, it appeared to you a suspicious one?—I never had any other transaction in consequence of that.

2797. Did it become matter of conversation in the Stock Exchange?—We talked it over, it was no secret; it was spoken of; many must have known of it who had dealings in the Stock Exchange; but we judged of it on the presumption that somebody must have been borrowing money on Exchequer Bills, which were deposited with them in trust, from his being so anxious to get the same bills back again. We thought there was some breach of trust.

[*The Witness withdrew.*]

Mr. *John Bragg* further examined.

Mr. John Bragg.

2798. The Commissioners understand that you wish to make some explanation as to the length of time you have been acquainted with Mr. Vickery?—Yes; I think I stated, when I was here before, that I had known Mr. Vickery for six years. On recollection, I find that I was first introduced to him in 1838; he brought a letter from Paris from a friend of mine, for whom I had transacted business some years before; but he returned to Paris without doing any business at that time: the first transaction in business I had with him was on the 7th of October, 1840.

[*The Witness withdrew.*]

Mr. *James Ballard* further examined.

Mr. J. Ballard.

2799. Have you brought with you an account of other transactions of the Bank with Mr. Henry Tomkins in respect of the advance on Exchequer Bills?—I have.

The Witness produced the same, which was read as follows:—

1840.

Dec. 7. To cash advanced to Henry Tomkins . . £12,000
on the following Exchequer Bills, viz.,

Nos. 7413, 7414, 8109, 7379, 7380, 7383, 8102, 8114	8	1000	Dated 16th March, 1840.
2193, 2196	2	500	Dated 16th March, 1840.
5990, 5839, 5840. . . .	3	1000	Dated 17th June, 1840.

Redeemed 18th January, 1841.

1840.

Dec. 24. To cash advanced to Henry Tomkins . . £11,500
on the following Exchequer Bills, viz.,

Nos. 5986 to 5992	7	1000	Dated 17th June, 1840.
7403, 7402	2	1000	Dated 16th March, 1840.
2188, 2183, to 2186 . . .	5	500	Dated 16th March, 1840.

Redeemed 18th January, 1841.

1841.

June 1. To cash advanced to Henry Tomkins . . £10,000
on the following Exchequer Bills, viz.,

Nos. 8278 to 8282, 8374 to 8378 .	10	1000	Dated 15th March, 1841.

Redeemed 8th July, 1841.

1841.

Sept. 30. To cash advanced to Henry Tomkins . . £10,000
on the following Exchequer Bills, viz.,

Nos. 8331 to 8340	10	1000	Dated 15th March, 1841.

Redeemed 22nd October, 1841.

Bank of England, 26th May, 1842."

2800. On the 22nd of October, when Tomkins redeemed three Exchequer Bills out of the eleven, as stated in your former examination, do you recollect whether he picked out those particular bills, or whether he left it to you to give them to him?—I think he expressed a wish to have the June bill; there was one June bill; there was one bill for 1000*l.* dated in June, which he expressed a wish to have, but the other two we delivered to him promiscuously.

2801. Have you any means of stating the number of that June bill?—The June bill which he redeemed was No. 7068 for 1000*l.*; he redeemed that on the 22nd of October, that was the day subsequent to the time when they should have been redeemed: the loan expired on the 21st; the two March bills were Nos. 8377 and 8378.

2802. Was there any particular reason why one bill was less saleable than another, or any reason why he should desire any particular bill?—Not upon the face of it, any at all.

[*The Witness withdrew.*]

George Maule, Esq., further examined.

G. Maule, Esq.

2803. Did you take minutes of the examinations of Mr. De Berckem, Mr. Mariner, and Mr. William Morgan, at Downing Street, on the 27th of October?—The examinations are in the handwriting of Mr. Raven, but I was present and examined them; they are accurate minutes of what was stated; there was a great deal more stated, of course.

Examinations.

G. Maule, Esq. 26th May, 1842.

2804. Those minutes, in substance, are accurate accounts of what was stated by those respective parties?—Yes, I so considered them.

(*The same were delivered in.*)

2805. Have you some Exchequer Bills you received from De Berckem?—I received these 38 bills, each of 1000*l.* (*producing the same*); 36 of them being under the Act of the 3rd and 4th Victoria, and two under the Act of 4th Victoria. The numbers of the 36 bills are 8309, 8310, 8311, 8312, 8313, 8324, 8325, 8326, 8327, 8328, 8329, 8330, 8331, 8332, 8333, 8334, 8335, 8336, 8337, 8338, 8339, 8340, 8341, 8342, 8343, 8344, 8345, 8346, 8347, 8348, 8349, 8350, 8351, 8352, 8353, and 8383. The two under the Act of 4th Victoria were 6415 and 6494.

2806. Those 38 bills have been in your possession ever since you received them?—Yes.

2807. Are they in the same state in which they were delivered to you?—Yes; they were delivered to me at the Mansion House, after the examination, on the 4th of November, of Mr. Rapallo, when he was remanded for further examination. I observe Mr. De Berckem, in that examination before Alderman Wilson, says, "The 38,000*l.* now in my pocket, and those I delivered to the Chancellor of the Exchequer, are the only bills remaining in my possession and control." I think it was on that day before we left the Mansion House he delivered over those bills, and they have been in my possession ever since. Mr. Mariner marked them all with his initials at the back.

2808. Under what circumstances did you come into possession of those bills, and what passed between you and Mr. De Berckem?—I had stated to him on the evening of the 27th of October, at Downing Street, that I was willing to receive them if he was ready to deliver them up, but at that time he declined doing so; afterwards, when he delivered them at the Mansion House, it was his own voluntary delivery: I do not remember that anything particular passed.

2809. Did he mention whether they were his own bills or not?—No. I understood they were part of the bills which had passed into his hands from Mariner, and that Mariner had received them from Rapallo.

2810. You understood he had received all the 38 from Mariner?—Yes. I understood from him that all the Exchequer Bills he had ever received in these transactions had come from Mariner.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 27th May, 1842.

The EARL of DEVON in the Chair.

27th May, 1842.

A letter addressed by J. W. Scott to Lord Monteagle, enclosing a list of Exchequer Bills, was read.

Mr. *John Wray Scott* sworn and examined.

Mr. J. W. Scott.

Mr. Scott requested that his solicitor, Mr. Rees, might be present during his examination, and was informed that his solicitor might be present to offer any advice to him, Mr. Scott, with reference to any questions which might be proposed to him; and Mr. Rees was introduced accordingly.

2811. It appears that a great many more bills have passed through your hands than appear in the schedule?—There are more bills have passed through my hands than appear in the schedule, though not with my name; but those are not in my possession. I have with me a bill, No. 7056, the last of the five bills which are referred to in my summons. I will beg to put in that bill, it being the property of Mr. Clapcott. (*No.* 5056 *delivered in.*)

2812. With reference first to the bills 8380 and 7056, which stand in the schedule under your name, will you state the circumstances under which you became possessed of those bills?—I received them from Mr. De Berckem. Perhaps I may as well lay before the Commissioners a statement of all the bills which have passed through my hands which are referred to in this table (*producing the same, Paper A. page* 154), which will show the days on which the several bills came into my possession. That bill, 7056, it will appear from that paper, came into my possession on the 23rd of June, 1841.

2813. What is the total number to which this table applies?—55,000*l.*

2814. Will you give a history of your possession of those bills in the way which strikes you as most convenient?—No. 7052 to 7056 came into my possession on the 23rd of June, when they were exchanged for five other bills, Nos. 5900, 5901, 5902, 5956, and 5957, dated the 17th of June; those had been for a loan, which had been continued from the 16th of January, 1841, being 5000*l.* lent to Mr. De Berckem for my principal, Mr. Clapcott, of Bath; the numbers I last mentioned having been given in exchange for five other bills on the 5th of March, which numbers I also have here.

2815. Have the goodness to state them?—7417, 8101, 8104, 8105, and 8125, dated March, 1840.

Paper A, referred to in preceding page.

AN ACCOUNT of 55 EXCHEQUER BILLS of 1000*l.* each now outstanding, showing the dates on which they were deposited with J. W. Scott by Francis de Berckem, as Security for Loans of Money, the Terms of such Loans, Rates of Interest, and Names of the Owners or Holders of the Bills.

Numbers and Issue of Exchequer Bills of 1000*l.* each.		Amount	When received or Exchanged.	Terms and Renewals.	Rate of Interest.		Owner or Holder.
8271 to 8273, 3 and 4 Vict., ch. 106 . .	3	7000	16 April, 1841	to 17 May, 31 days			Sir James Shaw, Bart.
8300 to 8303 . . .	4			17 May ,, 31 ,, 14 ,,	$5\frac{1}{2}$	5	
8442 to 8444 . . .	3	3000	5 June, 1841, in exchange for 3 bills, 5843 to 5845, 3 and 4 Vict., 12. Received 16 April, 1841.	31 May ,, 27 July, 57 ,,			
				27 July ,, 27 Sept. 62 ,,	5	$4\frac{1}{2}$	
				27 Sept. ,, 27 Nov. 61 ,,	$5\frac{1}{2}$	5	
7077 to 7081, 4 Vict., ch. 19.	5	5000	28 June, 1841	to 27 July, 29 ,,	$5\frac{1}{2}$	5	
				27 July ,, 27 Sept. 62 ,,	5	$4\frac{1}{2}$	
				27 Sept. ,, 27 Nov. 61 ,,	$5\frac{1}{2}$	5	
8447 to 8456, 3 and 4 Vict., ch. 106 . .	10	10,000	7 July, 1841	to 21 July, 14 ,,	$5\frac{1}{2}$	5	
				21 July ,, 21 Sept., 62 ,,	5	$4\frac{1}{2}$	
				21 Sept. ,, 21 Oct., 30 ,,	$5\frac{1}{2}$	5	
8359 to 8363, 3 and 4 Vict., 106.	5	5000	9 July, 1841 . . . . . With London and Westminster Bank from 9 July to 7 Sept.; with Sir Jas. Shaw, Bart., from 7 Sept., 1841.	to 9 Aug. 31 ,,	5	$4\frac{1}{2}$	
				9 Aug. ,, 7 Sept. 29 ,,	,,	,,	
				7 Sept. ,, 7 Oct., 30 ,,	$5\frac{1}{2}$	5	
				7 Oct. ,, 7 Nov., 31 ,,	,,	,,	
8354 to 8358, 3 and 4 Vict., 106.	5	5000	9 July, 1841 . . . . . With London Joint Stock Bank to 9 Sept.; with Sir James Shaw, Bart., from that date.	On notice to 9 Sept., 62 ,,	5	$4\frac{1}{2}$	
				9 Sept. ,, 9 Oct. 30 ,,	$5\frac{1}{2}$	5	
				9 Oct. ,, 9 Nov., 31 ,,	,,	,,	
8314 to 8318, 3 and 4 Vict., 106.	5	5000	29 Sept., 1841 . . . . . With Bank of England to 21 Oct.; with Sir Jas. Shaw on that day.	to 21 Oct., 22 ,,	$5\frac{1}{2}$	5	
				21 Oct. ,, 21 Nov., 31 ,,	,,	,,	
7052 to 7056, 4 Vict., 19.	5	5000	23 June, 1841, in exchange for 5900 5946 5901 5947 5902 } 5/1000. 3 Vict., 12. Received 5 March, 1841, in exchange for 7417 8105 8101 8125 8104 } 5/1000. March. Received 16 January, 1841.	16 March to 30 April, 44 ,,	$5\frac{1}{2}$	5	G.B. Clapcott, Esq., Bath.
				30 April ,, 30 June, 2 months.	,,	,,	
				30 June till notice.	,,	,,	
8380, 3 and 4 Vict., 106.	1	1000	2 Oct., 1841 . . . . . To 9 Oct., with W. Scott and Son	to 9 Oct., 7 days.	$5\frac{1}{2}$	5	Mr. John Blake, Ford, near Salisbury.
				9 Oct., for 3 months.	5	$4\frac{1}{2}$	
8381, 8382, 3 and 4 Vict., 106.	2	2000	2 Oct., 1841	For 3 months.	$5\frac{1}{2}$	5	Thomas Browne, Esq., 4, Brixton Place.
7076, 7082, 4 Vict., 19.	2	2000	15 Oct., 1841	For 3 months, or on notice.	5	$4\frac{1}{2}$	Zach. Nash, Esq., Windsor.
8304 to 8306, 3 and 4 Vict., 106.	3	3000	21 Oct., 1841 . . . . . In exchange for 8326 to 8328, 3/1000, 3 and 4 Vict., 106. Received 29 Sept.	Till 26 Oct.	$5\frac{1}{2}$	5	Messrs. Hichens and Harrison.
8307, 8308, 3 and 4 Vict., 106.	2	2000	21 Oct., 1841 . . . . . In exchange for 8329, 8330, 2/1000, 3 and 4 Vict. Received 29 Sept.	From day to day.	$5\frac{1}{2}$	5	Messrs. Wolfe.

2816. The loan was made in January, 1841?—Mr. Clapcott wrote to me in December, 1840, to say that he had 5000*l.* which he wished to place out on security, and he asked about the investment of Exchequer Bills.

2817. Have you any objection to put in that letter?—Not the least: he asked me my opinion about buying Exchequer Bills. This is the letter dated the 3rd of December.

The letter was read as follows:—

"My dear Sir, "97, Sydney Place, Dec. 3rd, 1840.

"I expect in a day or two to receive four or five thousand pounds, and I shall feel much obliged by your opinion as to buying Exchequer Bills for a temporary investment (till I have seen you), and what interest they will pay: most probably I shall be in town in a month or two, and then can make other arrangements. Will you write to me by return of post, and direct your letter to me at Mrs. Dowland's, Blandford, Dorset, as I shall be there till Monday.

"Yours very truly,
"G. B. Clapcott."

Mr. *Scott.*—I have not a copy of the letter I wrote to him. I wrote to him to say that I did not recommend Exchequer Bills at that time, that I thought money was very valuable, and that I could lend his money in some way, probably on stock. I see, by his reply on the 5th of December, he thanks me for my inquiries, and says he has instructed Glyn and Company to pay over 5000*l.* on the 7th, which he says, "I shall feel obliged by your disposing of in Exchequer Bills for me immediately, unless you have an opportunity of doing better with equally good security, as a temporary investment." Being a temporary investment, I did not recommend his purchasing either Exchequer Bills or stocks; I said, money is valuable, and I can lend your money on stock."

The letter was read as follows:—

"My dear Sir, "Blandford, Dec. 5th, 1840.

"I thank you for your prompt reply to my inquiries, and I hasten to inform you that Glyn and Co. have instructions to pay over to you on Monday next, the 7th, on my account, the sum of 5000*l.*, which I shall feel obliged by your disposing of in Exchequer Bills for me immediately, unless you have an opportunity of doing better with equally good security, as a temporary investment, of which I shall be happy to hear.

"Yours very truly,
"G. B. Clapcott.

"P.S.—You may dispose of the above sum as you consider advisable for any period not exceeding six months. I return to Bath on Monday the 7th."

Mr. *Scott.*—I received the 5000*l.* from Glyn and Company on the 8th of December, and, as we technically say in the Stock Exchange, "took in 5500*l.* reduced." 5500*l.* was transferred into Mr. Clapcott's name for this 5000*l.* at four and a half and five per cent. The entry in my book is, "Lent 5000*l.* sterling on 5500*l.* reduced three per cents., for G. B. Clapcott, to Samuel Bostock, at five per cent., till 15th of January." It was four and a half to Mr. Clapcott, my commission being half per cent. About that time I received a letter from Mr. Clapcott, to say he should be glad to have the loan continued if possible. I could not obtain so much on stock. Exchequer Bills offered, and I then took up 5000*l.* Exchequer from Mr. De Berckem on the 16th of January. On the day the loan on the reduced became due I repaid him the interest, less expenses 22*l.* 4*s.* 6*d.*, at four and a half per cent., and lent De Berckem 5000*l.* on Exchequer Bills, Nos. 7417, 8101, 8104, 8105, and 8125. Mr. Clapcott came to town, and, as far as I can recollect, I handed him those 5000*l.* bills as security, which he took down with him to Bath. In March I wrote to him to say that the bills were due, and he must return them. They were returned, and others were sent to him, the numbers of which I have given in the paper I have handed in: the loan on Exchequer being to him five per cent., and to Mr. De Berckem five and a half from that time.

2818. You say they were returned, and others were sent to him. Did you receive the others from De Berckem?—Yes.

2819. Did anything pass between you and him as to the exchange—who should exchange them?—I do not recollect what passed in March as to the exchange.

2820. Have you a copy of that letter you sent to Mr. Clapcott?—No; my books show the transactions: the letters merely refer to those transactions.

2821. Have you Mr. Clapcott's letter sending up the Exchequer Bills?—I have.

The same was read as follows:—

"My dear Sir, "97, Sydney Place, March 4, 1841.

"I have sent you by this night's mail (in another sheet of paper, directed as this) the bills as you requested, not cut, which I trust you will receive to-morrow morning, Friday (if not, you had better immediately stop the payment of them), and I shall feel much obliged by hearing from you by return of post.

No. 7,417
8,101
4
5
8,125 Exch. Bills.

"Yours very truly,
"G. B. Clapcott."

Examinations.

Mr. J. W. Scott.

27th May, 1842.

2822. De Berckem handed you other bills?—Yes; and those I sent down to Mr. Clapcott; and on the 6th of March he acknowledges them.

The letter was read as follows:—

"My dear Sir, 97, Sydney Place, March 6, 1841.

Both your letters came safely to my hands this morning, for which I am much obliged. I see the bills are dated the 17th June, at $2\frac{1}{4}d.$ per cent. per diem, but I conclude they are to pay me the same interest as those exchanged, viz. five per cent.

"Yours very truly,

"G. B. Clapcott.

"P.S.—You will have the kindness to let me know when the bills are to be returned."

Mr. *Scott.*—He says they are of course to pay the same interest; and, of course, they were to pay the same interest.

2823. You cannot recollect what passed between you and De Berckem?—No; on the 5th of March I do not recollect anything more than that the bills became due, and Mr. De Berckem exchanged them in due time.

2824. Did this loan continue at the uniform rate of five and a half per cent. to De Berckem?—Yes; the five per cent. was the Bank rate of interest, and the half per cent, I considered as my commission.

2825. Was that the Bank rate of interest during the whole of that time?—The Bank were not lending money during the whole of that time; but that was the rate when they were.

2826. For what term was the loan made?—The first loan was for two months; the second loan, which was arranged for on the 16th of March, was continued almost indefinitely, but the interest was paid on the 30th of April. Mr. Clapcott wrote to me, when I mentioned interest, and said, "Let the interest run on, I shall be very glad to receive it half-yearly: as long as you can continue the loan in this way I shall be glad." I received a letter from Mr. Clapcott of the 7th of May, referring to the Exchequer Bills as in his possession, and two other letters of the 24th and 26th of June, which I will give in.

The same were put in:—

"You will have the kindness to let me know a few days before you wish the Exch. Bills sent, in case I may not be at home when your letter arrives. I shall feel much obliged if you will be on the look-out for some employment for the capital equally good and secure."

"Many thanks for the bills that arrived this morning. I conclude they are to pay five per cent., as the others did."

"As long as you can get me five per cent. I shall be perfectly content to receive the interest every six months; and, indeed, should much prefer it so. If you please, I will name Michaelmas and Lady-day for the future payments."

Mr. *Scott.*—Mr. Clapcott received interest up to the 30th of June.

2827. Did anything pass between you and De Berckem upon those occasions?—On the 23rd of June, 1841, the first exchange that was made was not made in due time for the bills to be sent in to be exchanged.

2828. With whom were the bills remaining at that time?—With Mr. Clapcott. I mentioned to Mr. De Berckem two or three days before that the bills were becoming due. He said, "Leave them, I will exchange them." I could not very well write to Mr. Clapcott for the bills, inasmuch as I could not ask him for them until I had other bills, and they were left till they were overdue; the premium was very small, and they were ultimately exchanged on the 23rd.

2829. They ought to have been exchanged about a fortnight before?—Yes; on the 9th, I think.

2830. What are the numbers which were given to you on the 23rd?—5900, 5901, 5902, 5946, and 5947.

2831. Can you go back to the first commencement of your loan with De Berckem, and state what passed?—I cannot exactly say; it was on the 16th of January, I think, two days before the Bank of England called in their loans. I do not recollect anything that passed; most likely I applied to Mr. De Berckem, but I am not sure of that; he might have applied to me.

2832. Had you been in the habit of having former transactions with him?—Yes.

2833. What was the first transaction you had with De Berckem?—The first transaction I had with De Berckem was in 1839, on the 26th of November. Money was then very scarce; previous to that, he had once or twice asked me whether I could procure money on Exchequer Bills, that it was worth my attention; and I said, "No; I did not know any friends at present who wanted to lend money." I think it might be eight months, or more, before any transaction took place. He said, "I think it is worth your attention, you may if money becomes very scarce." At the end of 1839 the Bank of England rate was then six per cent. on the securities that they advanced on, and he said, "he could offer me seven and a half per cent." I then went and saw Sir James Shaw, and found he had money to lend, and I negociated a

loan of 10,000*l.* with Sir James Shaw at six and a half per cent., and seven and a half per cent. with Mr. De Berckem, taking one per cent., which was larger than I afterwards took, being a high rate rather, allowed me to take a larger commission; another loan I contracted in the same way on the 19th of December, between Mr. De Berckem and Sir James Shaw, for 10,000*l.*, each of those loans being for 14 days' continuance, that was at six and a half per cent. to Mr. De Berckem; those loans were renewed for 14 days, except in one instance to 21 days, till the 20th of February, the interest gradually decreasing, so that at last Sir James Shaw was receiving only four per cent., and I was receiving four and a half. I have made out an account of the Exchequer Bills deposited with Sir James Shaw as security for various sums lent by him, showing the dates of the contracts and their renewals, and distinguishing the loans paid off by red ink, and showing the amount of Exchequer Bills at present in the hands of Sir James Shaw.

(*The same was delivered in. Vide Paper B, page* 158.)

2834. None of the Exchequer Bills which were deposited in those loans of which you have just spoken appear in the schedule?—No; those Exchequer Bills have all of course disappeared.

2835. What was the earliest transaction you had with Mr. De Berckem relative to any bills which appear in the account that you have put in?—I think the 16th of April, 1841, Mr. Clapcott first having Exchequer Bills in January, 1841.

2836. That is the earliest transaction in reference to any Exchequer Bills which appear here?—Yes.

2837. In the interval between that earliest transaction and January, 1841, had you other transactions with De Berckem?—Yes; those two 10,000*l.* ceased altogether from the 10th of February; then I had no transactions with Mr. De Berckem in Exchequer Bills till the 10th of April, 1840; then I had a small transaction of 4000*l.* at four and a half and four per cent., which was for a gentleman in the country, and that was enlarged on the 14th of May to 10,000*l.*, that is to say, making altogether 10,000*l.* at four and a half in one instance, and three and three quarters for my principal, and terminating the 10th of July; it was three months' continuance, principally at four and a half per cent.

2838. Between that and January, 1841, had you any further transactions with him?—Yes; on the 1st of December.

2839. Were those transactions to which you have now referred with Sir James Shaw?—No; the 4000*l.* was lent through Mr. Scott, a cousin of mine, through the banking-house, by Mr. Vincent of Oxford, who wanted to lend money for some time. I engaged the loan for him at four per cent. for three months. In the course of a very few days, I think 18 or 20 days, he found he wanted his money; he wrote to my cousin. I said it was rather unusual to give up this contract so suddenly, but the Exchequer Bills could be easily replaced. I took them to Sir James Shaw, and a few days afterwards Sir James had 6000*l.* more to lend, which increased Sir James's loan to 10,000*l.* at four per cent. to Sir James, and four and a half to myself. The next transaction was the 1st of December, when I received 13,000*l.* bills of Mr. De Berckem to borrow on. I took them to the Bank of England, and there borrowed on them at five per cent., five and a half to Mr. De Berckem; on the 23rd 15 more, making 28,000*l.*

2840. De Berckem, by sending you to the Bank of England, instead of going, charged himself with your commission?—He paid me five and a half, and I paid five.

2841. That he would not have had to pay if he had taken the bills himself?—No. Those loans ceased on the 16th of January. I then found that I could continue to borrow upon them. I could borrow on 20,000*l.* Mr. De Berckem returned me 8000*l.* in bank-notes; the 20 I placed with my own bankers, and 5000*l.* with Sir James Shaw. From that time the loans have run on with Mr. De Berckem. Sometimes he has paid off a part, and sometimes borrowed money again.

2842. Can you give the Commissioners a connected statement of your transactions with Mr. De Berckem?—Yes. I have made it out in the book before me, as nearly as possible, from my other books. That book I will leave with the Commissioners.

2843. The first transaction which appears in the account is the 16th of April, 1841; the amount first stated is 7000*l.*, Nos. 8271 to 8273, and 8300 to 8303?—Those bills are in the possession of Sir James Shaw at this moment.

2844. Those are part of the bills deposited by you with him?—Yes. There are 10,000*l.* in that lot; 3000*l.* having been exchanged, which exchange I mentioned.

2845. The other two are 8442 to 8444?—Yes. Those three I had in June, 1841; but the loan has gone on from that time, renewed five times, I think. The larger interest stated is that which Mr. De Berckem gave me; it is invariably a half per cent. higher in each transaction.

2846. What was the term for which the first loan was made?—Thirty-one days. I think it was from the 16th of April to the 15th of May.

Paper B, referred to

1841.

January.	February.	March.	April.	May.
18th—5000 . . . . Nos. 5859 to 5863. 5/1000. 17th June, 1840.	. .	31st—72 days . . . 5000, 5 per cent. £. s. d. 123 5 7	29th—5000 repaid 29 days. 5 per cent., 19*l.* 17*s.* 1*d.* 5859 to 5863. 5/1000. . 17th June.	
	1st—5000 . . . . . Nos. 5827, 5846, 5847, 5848, 5983.—5/1000. 17th June, 1840.	,, 58 days. 5000, 5 per cent.	. .	5th—5000, repaid 35 days. 5 per cent., 23*l.* 19*s.* 5*d.* Nos. 5827, 5846, 5847, 5848, 5983—5/1000. 17th June.
	9th—5000 . . . . . Nos. 7381, 7384, 7385, 3/1000. 16th March, 1840. Nos. 5833, 5984—2/1000. 17th June. Exchanged for 5869, 5870, 5871—3/1000. 17th June—4th March, 1841.	,, 50 days . 5000, 5 per cent.	. .	13th—5000, repaid 43 days. 5 per cent., 29*l.* 9*s.* 0*d.* Nos. 5869, 5870, 5871. 5833, 5984—5/1000. 17th June.
			16th—10,000 . . . Nos. 8271, 8272, 8273, 8300, 8301, 8302, 8303—7/1000. 15th March, 1841. Nos. 5843, 5844, 5845. 3/1000. 17th June, 1840. Exchanged 5th June for 8442, 8443, 8444. 3/1000. 15th March.	. . . . 31st—45 days. 5 per cent, 6*l.* 12*s.* 9*d.*
				17th—5000 . . . . Nos. 5833, 5855, 5869, 5870, 5871—5/1000. 17th June, 1840. Exchanged 5th June for 8437 to 8441. 15th March.

2847. How long did that money continue out on loan?—That 10,000*l.* continues out at this moment. Sir James Shaw has the bills; but that was renewed for two months at a lower rate,—at five and four and a half per cent.

2848. From the 27th of July to the 27th of September it was renewed at five per cent.?—Yes.

2849. From the 27th of September to the 27th of November it was renewed again at five and a half?—It was.

2850. The next transaction with Sir James Shaw was the 28th of June, 1841; did anything particular pass about that?—No, nothing but in the usual course of business.

2851. Did no written memorandum accompany any of those transactions?—Never. It is not usual in the Stock Exchange to commit our agreements to writing; they are almost always done verbally,—always, I may say.

2852. In point of fact, no writing took place with reference to those transactions?—No. The only thing in writing was when I asked his clerk to give me a memorandum of the rate of interest, as a check on my accounts.

2853. This table contains a correct account of your successive transactions with De Berckem down to the 21st of October, 1841?—Yes; including all the bills which appear in the schedule to the act which have passed through my hands. I believe it is perfectly correct.

2854. There is an Exchequer Bill you have put in, 7056; will you state the circumstances which attended your connexion with that bill?—That I received with four others; and when the alarm took place, and there were various reports in the Stock Exchange about Exchequer

in the preceding page.

June.	July.	August.	September.	October.	—
					Nos. 8271, 8272, 8273, 8300, 8301, 8302, 8303, 8442, 8443, 8444 — 10/1000, 15th March. } 10,000
25th—5000, repaid 39 days. 5 per cent., 26*l.* 14*s.* 3*d.* 8437 to 8441.	27th—57 days . . . 5 per cent., 78*l.* 1*s.* 6*d.* 10,000.	..	27th . . . . . 62 days; 4½ per cent., 114*l.* 13*s.* 15,000.	. .	
28th—5000 . . . . No. 7077 to 7081. 5/1000. 16th June.	27th—29 days . . . 5 per cent., 19*l.* 17*s.* 1*d.* 5000.	..	27th, ...	. .	7077 to 7081 — 5/1000, 16th June. } 5,000
	7th—10,000 . . . No. 8447 to 8456. 10/1000. 15th March. 21st—14 days. 5 per cent., 19*l.* 3*s.* 6*d.* on the above 10,000.	..	21st—62 days. . . . 4½ per cent., 76*l.* 8*s.* 1*d.* 10,000.	21st—30 days. 5 per cent.. 41*l.* 1*s.* 10*d.* 10,1000.	8447 to 8456 — 10/1000, 15th March. } 10,000
			7th—5000 . . . . No. 8359 to 8363. 5/1000. 15th March.	7th—30 days. 5 per cent.. 20*l.* 10*s.* 11*d.* 5000.	8359 to 8363 — 5/1000, 15th March. } 5,000
			9th—5000 . . . . No. 8354 to 8358. 5/1000. 15th March.	9th—30 days. 5 per cent.. 20*l.* 10*s.* 11*d.* 5000.	8354 to 8358 — 5/1000, 15th March, } 5,000
				21st—5000. No. 8314 to 8318. 5/1000. 15th March.	8314 to 8318 — 5/1000, 15th March. } 5,000
					40,000

Bills, I wrote to Mr. Clapcott. He came up to town, and brought his Exchequer Bills; and, as we found it was impossible for De Berckem to take them back, he having claims upon him from all quarters, we endeavoured to pass them into the Bank to fund them. It was impossible, at that time, to decide whether the bills were good or bad. Some had funded them, and got their stock. They allowed, so far, that they were good; and we followed their example, and passed them into the Bank, and funded them for consols. That one was left out in this way: we gave in four at the cashier's office, and were unable to give in the fifth, because I was only able to muster sufficient to purchase as much scrip as would take 4000*l.* bills, and that was left out, and the four taken, leaving the other to be dealt with afterwards. My cash at the banker's that I could draw for that morning was only 1000*l.* to take up 1000*l.* scrip. We held that bill, and at last I wrote to Lord Monteagle, inquiring first of all at the Exchequer Bill Office: I had it submitted to the Comptroller, but not exactly an official application: it was found there had been a genuine bill presented, and therefore this must be spurious. It has never been out of my possession since.

2855. You say you made application at the Exchequer Bill Office; when was that?—It was about the date of my letter to Lord Monteagle, a day or two before.

2856. Your letter appears to be dated the 2nd of April, 1842?—It was about that time.

2857. You say it was not exactly an official application?—I went to the office, and was told that Lord Monteagle would not see anybody about Exchequer Bills. I said, "I wish particularly to see him; do not say it is about Exchequer Bills." I told his lordship, "I have a bill which I wish to have examined." He said they were not examining them at all, but I did have it examined. I went to one of the gentlemen in the adjoining house, one of

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the Paymasters, and he very kindly had the counterfoil got out and submitted it, and it was found not to correspond; and he gave it back to me. I could hardly call that official, because the time fixed by the advertisement had passed. There was hardly a doubt about this being one of the fraudulent bills, but when we heard a commission was to be appointed we thought it necessary to ascertain absolutely if it was, and therefore I took that step.

2858. What is De Berckem?—He is a broker.

2859. Is he a member of the Stock Exchange?—Yes.

2860. How long have you known him?—I have known him, I think, about six years. I think more than five years. I was more particularly acquainted with his brother; I have known him about ten years; but Mr. Francis De Berckem, with whom these transactions were, I think was not in the Stock Exchange till 1835.

2861. Did he ever at any time disclose to you the name of any principal?—No; it was never usual to do that in the Stock Exchange. I always supposed his principal was somebody of very considerable property, undoubted respectability, and great influence. The very circumstance of having Exchequer Bills at command in that way, which he appeared sometimes to be borrowing money on, and sometimes to be holding as security, gave me a confidence in the business he did. He had very large transactions in Spanish and in Consols, and I had none of those transactions with him until I should think he had been two years or more in the Stock Exchange. He had always maintained his character; he always settled his accounts very readily; so that I saw no reason to suspect anything wrong.

2862. In the letter to Lord Monteagle you use the expression that you fear those bills, having come from De Berckem, and, consequently, from Beaumont Smith, are forgeries. What led you to use that expression that, having come from De Berckem, they, consequently, had come from Beaumont Smith?—Because it was found that Mr. De Berckem did business for Rapallo, according to common report; I knew nothing more. I believe that all the bills had come in that direction.

2863. In using that expression in your letter you spoke only from common report?—Just so; not from anything more than I saw in the public prints, and what we knew to have been going on after the discovery. That letter was in April.

2864. You are understood to swear that all these bills came from De Berckem, not from any other hand?—They all came from De Berckem.

2865. They were all deposited with you as security for loans made by the persons whose names are against them, and for the terms, and at the rates of interest, which are stated?—Yes.

2866. At the time you were making those loans were you either borrowing or lending money and negociating loans with other persons, and for other persons?—No; occasionally a small loan I have done, but not to any great extent.

2867. Do you recollect whether you were doing anything in the way of loan on Exchequer Bills at that time?—No. I have one or two small entries in my book. I have on one occasion taken three 1000*l.* bills from De Berckem, and wanted only 2000*l.*, and I placed 1000*l.* in the market. On another occasion I have had more money at my bankers' than was requisite. I lent it for what I could get; sometimes on their bills, sometimes on their check, very often on Exchequer Bills. I do not find recently many of those transactions, but one or two only.

2868. De Berckem, you say, is a broker. Would it have been in the ordinary course of his business, as well as of yours, to go to the Bank and get a loan on Exchequer Bills?—Yes; and perhaps it requires some explanation why I should go. I do not know what the practice at the Bank is as to the amount they lend to one person. I have had transactions with the Bank for fifteen years, and found them very cautious; and what the Bank do we may safely do. Mr. De Berckem, perhaps, when money would be rather scarce, would have run out his account at the Bank, and would wish to send them through some other channel.

2869. Do you happen to know whether that is the fact?—No; I do not know what they would lend to any person, or what they did lend him.

2870. Do you know that they did lend him anything?—Yes; I know that they have lent him money. It was evident the Bank did not care from what quarter Exchequer Bills came; they would lend money upon them from whatever quarter they came; and I therefore had no hesitation in taking them in.

2871. Did anything pass from De Berckem by which you collected any reason why he applied to do that which in the ordinary course of things he might have done himself?—The construction I put upon it was, that he knew that by those means he could get what he wanted for immediate use, when he would have found a difficulty in getting it elsewhere.

2872. Could not he have gone to the Bank himself and got loans upon them?—I conclude he could not, or that he thought he could not.

2873. You have mentioned a transaction, an exchange of Exchequer Bills, which took place about June, 1841. You say they were not exchanged at the regular time, but were kept till the 23rd of June. Do you know of your own knowledge that ultimately those bills were ever carried in to be exchanged?—No, I do not. I returned them to Mr. De Berckem. I thought it not unlikely he or his client had some means of getting them exchanged.

2874. Did you ever get bills exchanged for him when the time came round for exchanging them?—No, I did not.

2875. It was always transacted by himself as far as you know?—He always exchanged them for new bills.

2876. And you never knew what became of the old ones?—No; I only returned them to him. It was out of the course for the party holding bills to have the trouble of sending them to the Exchequer.

2877. Would it fall rather to him, according to the ordinary course of business, to effect the exchange when the deposit had been through you?—Yes; if he had requested me to have done it, I would have done it; but he did not.

2878. Would it have been in the ordinary course of your business to have done it?—I should not have refused to have done it; but I think it would lie rather on De Berckem's principal or himself to have seen to the exchange, than myself or my principal to have sent them in to the Government for exchange, or to have substituted others for them. I should have done it if he had requested it; but I should have incurred a risk in sending them in which does not belong to the lender.

2879. The transactions of De Berckem appear to have consisted in borrowing large sums of money, which remained out two years, during your connection with him?—No; the longest time they remained out have been those now pending; but there were intervals from the 20th of February, 1840, to the 10th of April, 1840, and from the 10th of July, 1840, to the 1st of December, 1840, during which no loans were in existence between us.

2881:* There were periods at which he had considerable loans of money at five and five and a half per cent. on the deposit of Exchequer Bills?—Yes.

2882. Did those transactions, continuing for periods of such length, raise no doubt in your mind?—No; Mr. De Berckem had been doing a considerable business on Exchequer Bills for a long time; and it appeared as if Exchequer Bills were in his possession, or that of his principal on which he borrowed large sums of money, or took up stock at other times on their security.

2883. Did it ever occur to you that he might, by selling the Exchequer Bills, have raised the money at a less expense?—He might have done that; that would have been with his principal: they were generally short loans.

2884. Some of those loans were continued from time to time for considerable periods of time?—Yes.

2885. Nothing occurred to your mind on that subject?—Nothing which gave me any doubt about the genuineness of the transactions. I had never heard of a forged Exchequer Bill.

2886. Did not the consideration suggest itself at any time to your mind that they might have been improperly obtained?—No, I cannot say that it did.

2887. Did you ever hear from him during your intercourse with him the name of his principal?—Not from him, certainly; I never had an idea who his principal was.

2888. Are you aware, of your own knowledge, of De Berckem having raised loans from parties not through your intervention, in his own person?—Yes, I believe he had other loans.

2889. Do you know that?—Yes.

2890. Do you know that except from his own statement?—Yes, I know another broker who stands in the same position, Mr. Tomkins.

2891. He employed Mr. Tomkins in the same way?—Mr. Tomkins had bills in the Bank the same way as I had.

2892. Mr. Tomkins's transactions were of the same character with yours?—I am not sure of that; I believe the bills there were on a day's notice; to be returned at a day's notice.

2893. At what time did you first obtain knowledge of the transactions with Tomkins?—I think it might be two or three months previous to October, 1841, that I saw Tomkins at his office.

2894. Did you never, during the whole course of your intercourse with De Berckem till the matter became public, see anything that excited suspicion in your mind?—No, I am sorry to say I did not give way to any suspicion in these transactions, because it was putting an immense capital at stake of me and my friends.

2895. Up to the time of the discovery you continued to repose entire confidence in De Berckem?—I did.

2896. You say you had 7056 and four other bills; from whom did you obtain them?—From De Berckem.

2897. At what date?—On the 23rd of June.

2898. That was on a loan by Clapcott?—Yes.

2899. Had the five been originally deposited with Clapcott?—Yes, he received them by post, on the 24th of June?—How came that one to be left with you?—He left that one with me, so that he might write to me to dispose of it as circumstances might dictate.

2900. Did you ever hear of an affair of De Berckem inquiring for 11 bills of his that were missing, and not returned by the party with whom he had deposited them?—Yes, I heard of that, but not till after the fraud was discovered.

2901. When did you first hear of that?—I heard of that about two or three days after the fraud was discovered; about the 24th or 25th of October.

2902. Can you state from whom you heard it?—I heard it generally talked of in the Stock Exchange. I heard it, I think, from one of the Messrs. Wolfe. I wish that circumstance had come to my knowledge previously.

2903. If you had known that while you were going on with these loans, that would have excited your suspicion?—I think, certainly, it was a very suspicious circumstance, the anxiety to recover the same bills.

2904. Have you ever known him make stipulations with reference to the return of particular bills?—On one of the early transactions he said, "You will let me have the same bills back." I said, "Of course, it was a usual thing in the market for the same bills to be returned;" and it did not strike me as anything out of the common way. I think it was only on one occasion he mentioned it; but generally nothing of the kind was ever said.

* There is no omission here. See Note, p. 5.

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2905. Being in the usual course, it did not appear to you extraordinary that he should mention it?—No, all our transactions being verbal in the Stock Exchange, it is better to mention all circumstances to prevent any mistake; that was the impression that was made upon my mind at the time.

2906. Do you think that was one of the earlier or one of the later transactions?—Certainly one of the earlier; not on any loans now extant; it must have been at least a year and a half before October, 1841, as far as my memory will serve me.

2907. There was a set of bills belonging to Wolfe Brothers, 8307 and 8308; do you recollect that transaction?—Perfectly.

2908. Will you give the terms of the loan with Wolfe?—The loan was contracted with Mr. Holderness, Mr. Wolfe's clerk, who was acting for him, on the 22nd of October; and the money was lent from day to day, at five per cent.

2909. What was the amount?—2000*l.*

2910. Messrs. Wolfe are brokers?—Yes, they are brokers and dealers.

2911. Are you a broker and dealer?—No, I am a broker.

2912. Do you recollect Wolfe's application to you to repay the money, and your answer that you had had a very large number through your hands, and were answerable for 55,000*l.*?—It is very likely I made that answer.

2913. You have been suspended at the Stock Exchange, have you not?—They have admitted me on certain conditions, that I shall not engage in large transactions. I have a brother there, and do my business through him. My character is good, and I feel no difficulty in going on with the business I have.

2914. You have paid 1000*l.* in part?—I have to Messrs. Wolfe, for Hichens and Harrison, and themselves; Wolfes got 400*l.* as their proportion.

2915. With respect to your means of further payment, what statement have you to make?—That is, within a little, all my own capital. I have a little capital more, about equal to that, or rather less than that, which in fact belongs to my family; that would perhaps be legally liable, but I do not know; that I have retained at present, to carry on my business. I paid that over to Messrs. Wolfe, by way of loan; they took care of it when it was under doubt, and returned it, with interest, when the inquiry was over. They saw it was perfectly useless that parties should proceed against me for 55,000*l.*, when I had so little to pay it; and as other parties might proceed against me, they took care of it.

2916. Have you not been employed by some joint-stock companies, and by Sir James Shaw?—I am concerned for the Wilts and Dorset Banking Company, the head-quarters of which are at Salisbury. I am the broker of several bankers in the country, and I am broker for Sir James Shaw, for the public business.

2917. Had you known Wolfe previously to the transaction with him?—Yes, I had known him for many years.

2918. Had you other dealings with him?—Yes, in shares and other matters.

2919. Not in Exchequer Bills?—I might some time back, but not recently.

2920. Have you yourself been concerned in any speculative business?—Very little latterly; never to a large extent: I have occasionally done business for friends in Spanish, or for the account, to a small extent.

2921. Do you recollect the case of Browne, a retired chemist, with whom you had some transaction through a Mr. Dickenson?—There are 2000*l.* bills, which I took up for Mr. Browne: he was introduced by Mr. Dickenson.

2922. Have you with you the letter he wrote to you, of the 28th of September, 1841?—No, I have not.

2923. Do you recollect the terms of the transaction with him?—It was 2000*l.* for three months, at five per cent.

2924. That 2000*l.* was paid to you by Browne?—Yes.

2925. Was anybody present at the time of the transaction?—My brother, Septimus Richard Scott, who is my clerk, was present. He took an order which Mr. Browne had on the London Joint-Stock Bank, and got it cashed, and brought 2000*l.* notes, and the 19*l.* interest, which was due to him from the Joint-Stock Bank. Mr. Browne handed us the 2000*l.* bank-notes; I gave him the 2000*l.* Exchequer Bills, and he took the balance of the 19*l.*

2926. The 2000*l.* was paid in bank-notes?—It was; the bank-notes were paid into my bankers'.

2927. Is that the note you gave Mr. Browne? (*the note produced by Mr. Browne being shown to the Witness.*)—It is.

2928. In the course of your transactions with De Berckem the remuneration you appear to have received for your trouble was the half per cent.?—Yes, except in the transaction I mentioned in the series of transactions, where I received more. When that loan was taken up Mr. Vincent, of Oxford, broke the contract, and wanted his money back: the loan was at four and a half per cent. to De Berckem, and four to Mr. Vincent: as he retained the Exchequer Bills only eighteen or twenty days, I reduced the per centage to him down to three per cent.

2929. You appeared before the Committee of the Stock Exchange, and stated your case?—I did.

2930. Has any action been brought against you?—No.

2931. Did you not inform Mr. Browne that proceedings had been commenced against you?—No, that must be a misiake.

2932. Mr. Browne says you told him you had been in a great dilemma; that a person had commenced proceedings against you for more than you were worth, and that the rest had suspended proceedings?—I said I had become liable to an immense amount, more than I was

worth, having used the terms "borrowed of," instead of "lent for;" that I had no means of exculpating myself from all legal responsibility, but that at the same time I had not the least suspicion of anything incorrect.

The Witness put in the form of contract, as follows:—

"Borrowed of Sir James Shaw, Bart., 5000*l.* on Exchequer Bills, as security, at five per cent, for one month (or until 7th Oct.).

"No. 8359 —60 — 1 — 2 — 3 } 5 | 1000, 15th March.

"J. W. Scott, Broker.

"London, 7th Sept. 1841."

2933. It is not true that any one has commenced proceedings against you?—No; that must be a mistake. I told him that I had given up all I was worth, and that my friends, on my representing the case, were all satisfied to wait the result.

2934. You have stated that you are suspended partially from business by the resolution of the Stock Exchange. Was there any resolution in writing, or was it verbally communicated to you?—It was verbally communicated to me. We write letters of application each March; we are admitted yearly. My application for admission was laid aside for some days, and I went before the Committee, and they told me they had suspended me, that they had determined to admit me on condition that I went on on the same terms as I had gone on for some time past: the same thing had occurred after the 21st of October, doing business in my brother's name.

2935. Was that the whole of the communication made to you?—Yes; I was not with them for a moment. They said, "Are you ready to accept admission to the house on those terms?" I said, "Yes; I should have been glad if it could have been otherwise."

2936. No expression of opinion on your conduct was made?—No; private expressions were, of course, made.

2937. Even if there be no imputation of impropriety of conduct, if a man is unable to meet his engagements, suspension is the natural consequence?—Yes.

2938. On whose complaint or representation were proceedings taken in your case?—Messrs. Wolfe and Hichens, who are the only members of the Stock Exchange who are my creditors; they would of course take precedence.

2939. Did they both make a representation, or which?—I think Messrs. Wolfe; Mr. Hichens was the chairman.

2940. The claims capable of being made appear to be to the extent of 55,000*l.*?—Yes; Sir James Shaw's solicitor has been to me, and other parties have called upon me, or written me letters.

2941. Have you any knowledge yourself of any speculative transactions of De Berckem?—I know he had large operations in Spanish, and on one occasion, I think in September, 1839, when there was a considerable rise in Spanish Stock, he mentioned to me that he had, within one or two days, bought for the account upwards of 100,000*l.*; I think he said 150,000*l.* It occurred in this way: a friend wrote to me, a country gentleman, begging I would purchase for him, for the account, 20,000*l.* Spanish. I found the market rather in a confused state that morning, and, knowing that De Berckem was a large operator, I mentioned to him what I had to do, and rather asked his advice. He said, "Oh, go to Mr. Heseltine, he will do it for you." He took me to him and almost did the business for me; that turned out very advantageously, for in two or three days my friend sold his 20,000*l.* at a profit of 560*l.*

2942. Who is Mr. Heseltine?—He is a dealer in the Spanish market, who appears to have considerable monetary power, and I believe Mr. De Berckem did a great many of his transactions with him.

2943. Is that S. R. Heseltine?—Yes; I considered him a cautious man of business.

2944. He had very large dealings with De Berckem?—Yes. As I understood, all those transactions of Mr. De Berckem were invariably met on the day, and the differences paid, or the stock taken up.

2945. Had you a knowledge of his being regular in meeting his engagements from time to time?—I was sure to have heard it if he had not.

2946. You have no transactions with him?—No; he has mentioned to me casually, "I have bought within these last two days 150,000*l.* Spanish."

2947. Did you suppose him to be doing business entirely on account of some principal?—I rather thought he had several principals.

2948. What reason had you for thinking that?—I knew that, when the business was in the hands of Mr. Henry De Berckem, his brother, there were several principals, for I happened to know that they worked their accounts by numbers; and it was convenient for a clerk to come in and say, "Number so and so wants you."

2949. Is that a usual thing?—No; but it struck me as a very good mode, for the name did not transpire. In the Stock Exchange we always conceal our principals.

2950. That is not the usual mode?—No. I thought it a very convenient mode.

Examinations.

Mr. J. W. Scott, 27th May, 1842.

2951. Still, in an ordinary case, the name of the principal would, under such circumstances, have transpired?—Yes; if they had not adopted that plan.

2952. Though you may wish to conceal the principal, it might have come out in that way?—Yes.

2953. Therefore this was an extra caution?—It did not strike me as an extra caution, but as a very good plan. I do not know any other broker who does it; probably there may be others. I gave that as a reason why I thought there were several principals.

2954. Did you hear of No. 2 and No. 3, as well as No. 1?—I cannot remember as to any particular numbers. It did not follow that, if No. 19 was mentioned he had nineteen principals at that time, but as periodically they came into his book he might open a folio to that number.

2955. Is Henry De Berckem still on the Stock Exchange?—He is a dealer principally in the Spanish market.

2956. Is he a partner with his brother?—They are not acknowledged partners: there was something of that kind talked of; whether it took effect I cannot say.

2957. In the course of the transactions of Francis De Berckem, you knew there was a sort of connexion between them?—If Francis De Berckem was out of town Henry De Berckem would very probably transact business for him.

2958. Had you any communication with the Bank of England with regard to the 4000*l.* bills taken up to be funded?—The day they were deposited with the Bank to be funded we went in the afternoon and found that Mr. Marshall had had them submitted, and that they were impounded, and a receipt was given to Mr. Clapcott for certain bills which he now holds.

2959. On what day was that?—On the 29th of October.

2960. Those bills are included among the 60,000*l.* in the Bank account; you never got any scrip for them?—No; the Government had then found the means of testing them, and refused to take them, and they were impounded.

2961. Have you taken any proceedings against Mr. De Berckem?—I have applied to him as the loans became due, and have found he was unable to meet any demand I had upon him. I have applied to him several times.

2962. Did he say from whom he had received those Exchequer Bills?—I do not know whether he mentioned from whom he had received them; but I knew he had received them from Mr. Mariner.

2963. Did he tell you he had received them from Mr. Mariner?—I do not know that I heard him say that. I knew it from common report that he had received them from Mariner. Once or twice when I have been to his office to make application, I have seen Mr. Mariner with him.

2964. When you found out that those were bad bills, did you not make any direct application to him to know from whom he had them, or what he could do in respect of them?—Yes; I applied to him by a formal letter for payment: in one case he answered, but in other instances he did not.

2965. Have you that letter with you?—I have not.

2966. He has never himself mentioned the person from whom he received the bills?—No. I have had some little conversation with him since, and feel perfectly assured that he had the bills through Mr. Mariner; he has never denied it, but I do not recollect his stating it.

2967. You appear to have assumed that fact; from what did you derive that?—From general report and what has passed in the Stock Exchange.

2968. Who is Mariner?—Mr. Mariner is the secretary to a mining company. I believe he is now suspended from that company till this matter is cleared up.

2969. Have you seen Mariner with him before the discovery?—I do not think I have; but I know they are acquainted. I never had the slightest reason to suppose that Mr. Mariner was his principal.

2970. During the whole course of your transactions with De Berckem did he ever employ you to sell an Exchequer Bill?—No: I have understood that he had a large transaction occasionally in Exchequer. I think I have heard of his selling or buying 20,000*l.* I do not know, but I have supposed they must be for his bankers, Messrs. Robarts and Curtis, for whom he did business. I have a distinct recollection of having heard that he had done 20,000*l.* Exchequer.

2971. That is the only transaction of purchase or sale you recollect to have heard of?—Yes.

2972. You cannot recollect whether it was purchase or sale?—No.

2973. Had De Berckem a partner?—Yes; he took into partnership Mr. Pritchett, his clerk, who continued in partnership till the end of December, 1840; the partnership was then dissolved in the way it usually is in the Stock Exchange; a notice was put up, and Mr. Francis De Berckem stood alone from that time.

2974. Where is Mr. Pritchett?—He is a broker in the Stock Exchange.

2975. Has he been long a member of the Stock Exchange?—He has been a member four or five years.

2976. Had he been long clerk to De Berckem?—He had been clerk to Mr. Henry De Berckem for two or three years at least, probably more; and afterwards clerk, I think, to Mr. Francis De Berckem, and ultimately taken into partnership.

2977. In those loans negociated for Sir James Shaw, did he ever make inquiries as to the principal?—No; he never inquired the party from whom I had the bills; if he had inquired, I should have given him the name of Mr. De Berckem.

2978. Is that usual?—Some of the brokers give it on some occasions, and some do not.

Examinations.

Mr. J. W. Scott, 27th May, 1841.

I believe for a broker to exonerate himself from all liability in a transaction he should give up the name, but it is very often not done. I never do it, or scarcely ever. I think it might lead one's principals to suspect something. May I be permitted to make an explanation respecting the Exchequer Bill No. 8380? That belongs to a party resident in the country, Mr. Blake; he wanted to place money out on some security; my brother, who is in the Wilts and Dorset Bank at Salisbury, said to me he wanted 1000*l.*; he sent me up an order on the London and Westminster Bank, and I sent him down an Exchequer Bill as security. Mr. Blake, I think, took it as security for his mother: it is nearly all his property.

2979. In what shape was the transaction effected with Mr. Blake?—Between me and my brother; there was no interference of Mr. Blake until after the discovery. It was taken up and examined about six weeks ago by Bridge and Blake, of 32, Finsbury Circus, in some way or other, and found not to be genuine, there being a duplicate of it. My name got put against it, but I do not hold it.

2980. In whose possession is it now?—In the hands of Bridge and Blake; they hold it for Mr. Blake. I have with me the letter of application.

2981. In what manner was the money sent up by Mr. Blake?—It was sent through the Wilts and Dorset Bank, of which my brother is actuary. I drew a check for the amount, and handed it to Mr. De Berckem for this Exchequer Bill.

2982. What were the terms with respect to interest?—Four and a half and five per cent.

2983. What was the date of your draft?—The bill I received from Mr. De Berckem on the 2nd of October, with three others. This 8380 I placed in the market, and borrowed upon it for a week, until my brother's writing for the loan. I then took it up from the market, and sent it down to Salisbury.

2984. You drew the money from the London and Westminster Bank?—I did, on the 9th of October, 1841. I have it entered in my cash-book, "London and Westminster Bank, 1000*l.*, 9th October."

2985. That bill was got from De Berckem?—It was part of three that day: two going to Mr. Browne on the 2nd, and the one on the 9th to my brother, for Mr. Blake of Ford, near Salisbury. I have the letters relating to the transaction. Some of them relate to other matters also; but I have extracted the parts of the letters referring to this bill.

The same were read as follow:—

"DEAR JOHN, "Salisbury, Oct. 1, 1841.

"I AM obliged by yours of 29th ult. At present we have *no cash to spare; but at a* future day I hope we may be able to do business.

"If a smaller sum could be put out *for two or three months, I can find you 1000l. or 2000l.*, if it is worth your while to put it out in Exchequer *Bills, allowing the lender to hold the bills* in the country. I can send you the money within a week. *I think if you allow but four and* a half, free of all other charges, the party will be very well satisfied. Let me have a line addressed to Stratford-sub-Castle.

"Yours, &c.

"To J. W. Scott, Esq. "J. W. SCOTT.
Stock Exchange."

"DEAR JOHN, "Salisbury, Oct. 5, 1841.

"ON the 9th inst. L. and W. will honour your cheque for 1000*l.*, for which please send me an Exchequer Bill. I presume for so small a sum the bill is not likely to be wanted for Exchange. You can have the money for three months certain, and the party will be very well satisfied with four and a half per cent.

"Yours, &c.

"To J. W. Scott, Esq., "J. W. SCOTT.
Stock Exchange."

"Wilts and Dorset Banking Company,
"DEAR JOHN, Salisbury, Oct. 8, 1841.

I HAVE ordered the London and Westminster Bank to honour your check for 1000*l.* You can send the bill to me at Stratford—in halves, if you think fit.

"Yours, &c.

"To J. W. Scott, Esq." "J. W. SCOTT.

"MY DEAR JOHN, Salisbury, Oct. 27, 1841.

ENCLOSED you have the dexter half of a *1000l. Exchequer Bill, No. 8380, bearing* date 15th March, 1841, signed Monteagle. *The sinister portion I have addressed under cover* to Messrs. Secretan and Scott, stock-brokers, *Birchen-lane.*

"I do not so much wonder at your feeling anxious; but *it appears to me (the signatures* being genuine) there is not much cause for alarm. The enclosed is the genuine signature of Lord Monteagle. I have compared it with one purchased yesterday; and, if such, Government must pay. Let me hear from you again as soon as you are able to write.

"Yours, &c.

"To J. W. Scott, Esq., "J. W. SCOTT.
Stock Exchange."

Examinations.

Mr. J. W. Scott, 27th May, 1842.

"Wilts and Dorset Banking Company
Salisbury, Oct. 27, 1841.

"DEAR SIRS,

"I ENCLOSE the sinister half of 1000*l.* Exchequer Bill, No. 8380, dated 15th March, 1841, which please hand to Mr. J. W. Scott, S. E., on his applying to you for the same.

"I remain, dear Sirs, yours faithfully,

"Messrs. Secretan and Scott." "J. W. SCOTT.

"MY DEAR JOHN, Stratford, Sunday evening, Oct. 31, 1841.

"I HAVE yours of yesterday, to which I will reply more fully in a post or two.

"My object in writing you now is to state that Mr. Blake, who is with me now, wishes you to get the Exchequer Bill marked *immediately*. I shall therefore feel obliged by your sending it to the Treasury to-morrow, giving me the earliest intimation of its spuriousness or validity.

"Mr. Blake's cousin, Mr. Charles Blake, will call upon you for information respecting this unpleasant and unprecedented fraud. Have the kindness to give him all the facts of the case, and the supposed or actual intentions of Government as they may transpire.

"I need hardly say we are exceedingly anxious to know the result of this business, which, it is to be devoutly hoped, will terminate in the Government holding themselves responsible. Waiting your reply, I am

"Yours, &c.

"To J. W. Scott, Esq., "J. W. SCOTT.
Stock Exchange."

2986. Does the book you have referred to show the different drafts which you paid to De Berckem and others?—I cannot so clearly show those payments as I would wish, for when I received money from Sir James Shaw I went and got the bank-notes from Robarts's, and paid them to Mr. De Berckem; but the notes can be traced through Robarts's; they would return to Robarts's, they being bankers for Mr. De Berckem as well as for Sir James Shaw. I understand that Mr. De Berckem's books are very clearly kept. I have some of the cheques I have drawn on account of these transactions, but they perhaps in some instances will not show the whole transaction, as where I have given a check for 5000*l.* the transaction may have been for 10,000*l.*, and the rest may have been paid in bank-notes.

2987. Up to what period was any interest paid to Sir James Shaw?—The last payment on account of interest was on the 21st of October.

2988. When the time for the exchange of Exchequer Bills came round, the bills originally deposited were withdrawn to be exchanged?—Yes, that was the constant course of the transaction, that De Berckem withdrew them and deposited others.

2989. You procured back the original bills from the lender of the money?—Yes.

2990. Was it your habit to give notice from time to time that they were advertised?—No; that seemed a matter we both understood.

2991. Suppose a certain set of bills advertised, what would take place?—I should probably meet De Berckem within the week, and I should say, "You have such and such bills, will you provide for them?" or he might say, "You have such and such bills, I will exchange them." I recollect his saying, "There are such and such bills, I will give you other bills for them." There are three or four bills of Sir James Shaw which I handed to him three or four days before the time, substituting them for other bills, and returning the old bills to Mr. De Berckem.

2992. In every case you would hand the old bills over to De Berckem?—Yes; he only knew me in the transaction.

2993. On every occasion when you so handed over such bills, would you inquire of him what was to be done with them, or take for granted that he was to attend to them?—I should merely say, "Here are the bills which are advertised."

2994. Would you never ask him whether you were to take them in, as his agent?—I never did ask him; I do not recollect, however, that I did; I might have asked him shall I send them in.

2995. According to the regular course of business, it would not lie upon you to take them in?—No; but, as a matter of convenience to him, I might say, "Shall I get those exchanged for you—shall I send them in?" not wishing, however, to do it.

2996. You think you never did it except on one occasion?—I might have said it about Clapcott's bills. I remember something passed about the bills being due; and he said he would exchange them for other bills.

2997. Can you recollect whether there were any occasions on which you asked him whether you should take them in?—I do not think I did; but whether I did or not I cannot be certain.

2998. In the course of those transactions, did those exchanges occur frequently?—I think they occurred three times; twice with Mr. Clapcott's bills, and twice with Sir James Shaw. I had some transactions with De Lisle and Co., merchants in Devonshire Square. I had some of their bills, and some of Sir James Shaw's.

2999. How long have you been engaged in business?—I have been about 15 years in the Stock Exchange; part of which time I was clerk to my father, afterwards in partnership with him; and during about the last seven years, since my father's death, on my own account.

3000. Had you been doing considerable business on your own account before your connexion with De Berckem?—Yes; I had a tolerably fair business, which has enabled me to keep my

own family and my brothers and sisters. The profit of these transactions forms a very small part of my income.

3001. Your business as a broker has been in the stocks?—Yes, principally in stocks, and a little in shares. (*The Witness delivered in for the information of the Commissioners a book containing the accounts referred to by him.*)

[*The Witness withdrew.*]

Mr. *Adam Hilton* further examined.

3002. You are on the Stock Exchange?—I am.

3003. A sworn broker?—Yes.

3004. On a former occasion you stated a payment of 86*l.* 17*s.* 6*d.* to Hensley, for interest?—Yes; that was for the interest on Exchequer Bills.

3005. Have you got that cheque with you?—I have not.

3006. In what shape was the 4000*l.* repaid to William Scott?—On the 2nd of November 4000*l.* was paid back in Bank of England notes, and a cheque for the interest on 5000*l.* Exchequer Bills, and the premium 104*l.*

3007. Was any party present at the payment of the 4000*l.* in bank-notes?—No; I gave it to him publicly in the market. Messrs. Currie gave me the bank-notes, and I paid them to Mr. William Scott.

3008. On the former occasion you stated that you believed Messrs. Coutts had 4000*l.* out of the 5000*l.* whicht hey sold through their broker?—I stated that from hearsay: I was no party to it.

3009. You spoke of the sale as being to William Scott: was it to William Scott, or William Scott and Co.?—I believe he has a son in partnership.

[*The Witness withdrew.*]

Mr. *Charles Keyser* sworn and examined.

3010. Are you a stockbroker?—A stockjobber on the Stock Exchange.

3011. Do you recollect whether, on the 27th of October last, Mr. Murray Richardson bought any Exchequer Bills of you?—On the 26th of October.

3012. What number of bills did he purchase?—The number of bills was 17,000*l.*

3013. Who is Mr. George Fuller?—He is my clerk.

3014. Will you look at the account sale which has been given in, and see whether that is correct (*the same being shown to the Witness*)?—This is correct.

3015. Applying yourself to Nos. 8417 to 8428, and 7092 and 7093, part of the bills you so sold to Richardson, were they sold in the market?—They were, at the price of the day: they were sold at 11*s.* The price of bills at that time was 10*s.* to 12*s.*; and as we were jobbers together, we did it at the intermediate price of 11*s.*, between man and man.

3016. Will you explain the transactions connected with your possession of those bills?—On the 16th of July last Mr. Morgan came to me, and asked me whether I had any money to lend. I told him I had. He said he had borrowed money of the Bank at 5 per cent., and that if I would lend him the money cheaper than that, he could take some of me on Exchequer Bills then in possession of the Bank of England. I lent him 17,000*l.* on Exchequer Bills, and gave him 17,000*l.* Bank-notes, which he paid into the Bank of England, and redeemed the bills.

3017. Do you mean that for a time you lent him that without any security?—Only while he went to the Bank to redeem those Bills, and he brought out the bills. Indeed, I went over to the Bank with him, having to make some transfers there, and was in the Bank when he got the bills.

3018. At what rate did you lend him the money?—I lent him the money at 4 per cent., the same rate at which I lent a good deal of other money to parties on stock.

3019. For what period was the money lent?—I lent it for five weeks, or thereabouts: I lent to the 26th of August, the same time I had borrowed some money of Messrs. Hoare, in Fleet Street. On the 26th of August, when the loan became due, he asked me if I would like to continue it. I told him money was dearer then; that if he liked to give me 4½ per cent. I would continue it, and he was glad to do so; and I lent it him till the 14th of October. I renewed the loan with him at 4½ per cent., and on the 14th of October he asked me if I would renew it again. Money then was very much in demand, quite 5 per cent. I told him if he would give 5 per cent. I would go on, and he said he would be very willing to give me 5 per cent., and I lent it for another month; and I lent a great deal of money on the same day at 5 per cent., to men of the first respectability, on stock: we had rather have it on stock, because it is more useful to us jobbers. About eight days after this last loan, Mr. Ralph Ricardo, my uncle, came to me. I had heard some rumours on the Exchange, but had not the least idea of their applying to Mr. Morgan, and having considered him not to be a wealthy man, but a man of strict integrity. I had done transactions for him for Messrs. Ransom, and Messrs. Bell and Steward, in Lincoln's Inn Fields; and I did not in the least suspect him. This Mr. Ricardo came and asked me whether I had anything to do with the lending money on Exchequer Bills. I told him no, except that I had lent money to Mr. Morgan on Exchequer Bills. He said I had better see about it: there were curious reports. I went instantly to Messrs. Hoares', in Fleet Street, where I had deposited those bills, and took them up to the Exchequer Bill Office, and had all the 17,000*l.* bills examined. I first went to the outer office.

Examinations.

Mr. Charles Keyser.
27th May, 1842.

3020. On what day did you take them up?—On the 22nd of October. I first took them, I think, to the Paymaster's office, to the outer office, where some of them were examined by the clerk. Mr. Wood was in the room. A gentleman, I think Mr. Waterfield, examined them, and he said he must take the others into the other office to be examined. The gentleman and myself went into the other office; there were two other clerks there, and they examined them with the counterfoils, and said they were perfectly genuine bills. I said, "I do not want them; keep them for a month if you please; they are my own property." They said, "There is no necessity; the bills are as good bills as they can be."

3021. Did Mr. Wood say that?—No; we left Mr. Wood in the other room.

3022. Can you state the names of the clerks?—I cannot recollect their names, but I should know their persons. I think they called one of them Mr. Blake.

3023. Did you see what they did?—I saw them examine them with the counterfoils. The bills were cut, and in places they did not agree with the counterfoil; they did not fit in with the counterfoil; but where the bills were not sized and cut, they appeared to me to agree with the counterfoils. One of the clerks, Mr. Blake, I think, it was, said, "This bill does not seem to agree." They all went up and looked at it a great while, but at length they found that where it had not been cut it did agree with the counterfoil. This was on the 22nd, on the very day the rumours were first raised.

3024. What was the name of the office where they were examined?—There are two offices, and I went to both of them. They examined them in Mr. Smith's office, as I afterwards heard; they examined some of the June bills, as I understood, in the office where Mr. Wood is. Then we went together to the other office, and were a long while before they could examine them. They could not find the keys of the boxes, but afterwards they found them in an inner room. Mr. Wood was washing his hands in an inner room. They took out some counterfoils, agreeing with some of the bills. Then we went into the other office, where I understood Mr. Smith was; and they examined them all together, and told me they were perfectly good. After this examination I was perfectly easy. I locked up the bills, or rather Mr. Ricardo locked them up for me, as a sort of certification of the bills in his box, and I was perfectly easy about it. But still this rumour went on of double bills of similar dates and similar numbers, but it was found afterwards that bills of similar dates and similar numbers had been issued. This was on the Friday. On the Monday it was found that similar bills had been issued; but on the Tuesday they found a third bill of the same number and date, and then there was great uneasiness again, and there was great distrust about Exchequer Bills. The Exchequer Bill dealers would not deal at all, and I feared I should have to lock up those bills for some time; and I obtained Mr. Morgan's permission, though the loan had not expired, to make use of those bills, and to find him other bills at the expiration of the loan; and I sent them to Mr. Murray Richardson, and he funded them. I only sent them to him because it was keeping a great deal of property by me which I could not make use of. I did not like to borrow money upon them, there being a great uneasiness about Exchequer Bills at the time. I kept them four days after the examination had taken place, being perfectly easy about them, until I received notice from the Bank. And it appears that three of those bills, out of the seventeen, were genuine bills. There were eighteen bills, amounting to 17,000*l.*: 6058 and 6059 for 1000*l.* each, and 2731 and 2732 for 500*l.* each, were genuine. I still imagined that there might be some error; but two other June bills, which were examined in that office at the same time by the other clerk in Mr. Wood's office, were found to be good bills, which is a thing I never can understand.

3025. What passed with Mr. Morgan when you obtained his permission to make use of the bills?—I went to him over and over again, and said, "Have you had anything to do with Mr. De Berckem? are you connected in any way with Mr. De Berckem's party?" And he assured me on his honour he knew nothing about them. I said, "Will you redeem the loan?" He said he would, but no one would lend money upon them; and I then asked him for permission to make use of the bills, and he gave me this paper authorising me to make use of the bills.

The same was read as follows:—

"London, 26th October, 1841.

"SIR, "I HEREBY empower you to sell the seventeen thousand pounds Exchequer Bills on which I borrowed of you seventeen thousand pounds sterling on the fourteenth of this present month.

"I am, Sir, yours, &c.

"E. L. MORGAN."

Mr. *Keyser.*—It is always usual when we lend money on Exchequer Bills to return the same bills.

3026. It was the 26th of October you sold the Exchequer Bills?—It was.

3027. Had you had previous transactions with Morgan?—Frequently. I do not wish to make a defence, but I had every reason for believing those bills to be Messrs. Ransom's bills; for I know at one time when stock was more wanted than bills, Mr. Morgan said that Mr. Squire was coming into the City, and would let them have stock if they liked; and Mr. Morgan transferred stock and took those Exchequer Bills instead. I have no doubt that was an advance to Morgans, who probably gave Mr. Squire something to do it, but it appeared as if the bills belonged to Messrs. Ransom.

3028. When did that take place?—It was some time previous, but it did not occur to me, but to a friend of mine, Mr. Charles Mortimer. I knew it had been done, and Morgan has

himself borrowed money of me on stock when I refused to lend it on Exchequer Bills. Exchequer Bills are not so useful to us as stock is, but I was not aware that Mr. Morgan had borrowed any money except this 17,000*l.*; he had several times borrowed of us this same amount, 17,000*l.* I was not aware that he had any other money outstanding with any other person.

3029. Did this operate as a circumstance in your mind?—No, for I never had a suspicion. If I had been asked whose bills they were, I should instantly have said they were Ransom's.

3030. Why should you have said they were Ransom's?—We always considered they were Ransom's. Mr. Mortimer, who was intimate with Morgan, has told me he considered them as Ransoms.

3031. Do you refer to those eighteen bills as being supposed to be Ransom's?—I am not aware that they were those particular bills, but I am aware that Mr. Mortimer, who had previously lent money to Mr. Morgan on Exchequer Bills, was of opinion they were Ransom's bills; we fancied always that Morgans were acting for Messrs. Ransom.

3032. You fancied that Exchequer Bills obtained from Morgans were the property of Messrs. Ransom?—Yes, we always thought so. If any person in the Stock Exchange had been asked for whom Morgans were borrowing money, they would have answered for Messrs. Ransom. The reason for that was, he having the use of Mr. Squire's stock, he may have given them some little premium for letting him make use of their stock; but it appears now that those bills did not belong to Messrs. Ransom.

3033. Are bankers in the habit of borrowing as well as lending?—Yes, they borrow frequently for a long time together, frequently for their customers.

3034. Can you state what particular expressions Morgan used when you questioned him about any other bills or his connexion with De Berckem?—He assured me he knew of no other bills. It was merely on the suggestion of my uncle, Mr. Ricardo, that I did so. He said, "Make yourself perfectly easy; take them up and have them examined if you are uneasy about them."

3035. Was this William Morgan?—No, Edward Lloyd Morgan.

3036. He is the one who goes on the Stock Exchange?—Yes; I have no personal acquaintance with William Morgan; I have seen him at the office, but it was Edward from whom I got the bills: Mr. William Morgan is not on the Stock Exchange.

3037. Which of the Morgans is Edward the son of?—He is the son of William Morgan.

3038. You had no conversation with William Morgan?—No; I saw him at the office.

3039. Did he make any statement with reference to the Exchequer Bills generally on which suspicion rested?—He may have said, "Be perfectly easy about the bills." I do not exactly remember the expression. I saw William there when I went to Edward Morgan's office; he may have taken part in the conversation, but I do not think I addressed him.

3040. Did you understand Edward Morgan to be acting for the house of William Morgan and Company, or on his own account?—On his own account: we apprehend he is connected with his father, his father not being on the Stock Exchange, and Edward being on the Stock Exchange.

3041. You understood him to be depositing those bills on his own account, and not on account of Morgan and Co.?—Decidedly on his own account; but I have repeatedly lent money to Edward Morgan on stock on New Three and a Half Stock, which stock came out of the name of Squire, John Squire I think it is, who is a partner in Ransom's house.

3042. The stock would be transferred for the time into your name?—Into my name or the name of some other party.

3043. To what amount do you think those transactions have taken place in which you have lent to Morgan on account of stock out of the name of Squire?—I cannot say; I recollect 19,000*l.* at one time. Mr. Mortimer was a friend of his, and he used to come and ask me, and we lent it together.

3044. Has this taken place often?—Yes, several times; I have not been very long a member of the Stock Exchange.

3045. Had you previous transactions with Morgan in Exchequer Bills?—No; I do not deal in Exchequer Bills, except on occasion of a funding. I had lent him money on Exchequer Bills. I knew he did deal in Exchequer Bills with the Exchequer jobbers.

3046. Have you kept any memorandum of any former transactions in which you lent him money?—Yes, I dare say I can find it; I think I once lent him money on Exchequer Bills before, but I have more frequently lent him money on stock.

3047. Did you lend him more than once on Exchequer Bills?—Yes, more than once I should think; in stock the transactions have been very frequent.

3048. What was your first introduction to Morgan?—Through Mr. Ricardo. I was clerk to Mr. Ricardo at first; and when I dealt on my own account, I dealt with those with whom he had been in the habit of doing business, among whom was Edward Morgan.

3049. The 17,000*l.* remained on loan from the 16th of July to what time?—To the day that I sold them to Mr. Richardson, the 26th of October, but it was renewed from time to time.

3050. That was at the rates of 4, 4½, and 5 per cent.?—Yes, as money altered.

3051. Was not that a high rate of interest for it to continue so long as from July to October?—The only way I can prove it was not a high rate of interest is by showing that I lent to some of the first persons in the Stock Exchange at the same rates, and for the same time. I borrow very large sums of Messrs. Hoare in Fleet Street.

3052. State some transaction where there was a loan on stock, and the period during which it lasted, and the rate of interest?—I will state a transaction with Messrs. Lawrence and Co.

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on the same day on which I lent this, for the same time, and at the same rate of interest, from the 16th of July to the 26th of August, then from the 26th of August to the 14th of October; it was renewed again with them, and with Messrs. Morgan as well.

3053. That was on a deposit of stock?—Yes, at precisely the same rates of interest.

3054. Was it new 3½ per cents.?—It was all sorts of stock; some of it on what are called 3½ per cents. of 1818.

3055. Was that all Government stock?—Yes; the identical stock is not always returned; but the same amount and the same description of stock. Messrs. Lawrence and Co. procured the loan at 5 per cent, at another time 4½ per cent., and at another time 4 per cent.

3056. What could be the inducement to such a transaction on their part? why did they not sell the stock if they wanted money?—Persons will frequently rather give 10 per cent. on stock than sell it.

3057. For such a period?—Yes, and on Exchequer Bills they will also.

3058. Under what circumstances will that be done?—If stock is very low, persons will rather return the stock and borrow the money upon it, even at a high rate of interest, thinking the rise in stock will more than repay them; even at the present moment, before I came here, I lent money for six weeks on consols at 5 per cent. to persons of the first respectability in the Stock Exchange, who had rather do that than sell their stock. To any persons conversant with stock business that is a matter of notoriety; 10 or even 15 per cent. is given when money is very scarce; for when money is scarce stock is depreciated.

3059. Have you known of any similar transactions like this with Messrs. Morgan?—Yes, I have frequently.

3060. With whom?—I have seen the very first brokers give 5, 6, and 7 per cent. for a long time.

3061. For a time exceeding a month?—Yes, a month or thereabouts, or exceeding a month, five weeks perhaps, or six weeks; but Mr. Hichens, who is very much interested in this, is a very large dealer in money, and he can give more information than I can.

3062. You state that this matter has come within your own knowledge?—Yes, but I may not have been the party lending the money, and I could not prove it, perhaps, without appealing to others; but it is not an unusual transaction.

3063. The transaction of lending stock was your own transaction?—Yes, and I have no doubt that I have done the thing myself. I have borrowed myself at 10 per cent. on Exchequer Bills for a week or a fortnight or ten days, when money was very scarce; and if I have lent money previously on Exchequer Bills, and not being mine I cannot sell them, I must get the money at the time I want it, whatever the rate of interest. If the Exchequer Bills were not mine, I could not sell them. On stock repeatedly money has been 10 per cent.; it was so only the other day. I myself lent 5000*l.* at 10 per cent. on consols that day. I have seen Mr. Hichens and others lend money at 5 and 6 and 7 per cent. on Exchequer Bills for a length of time, when really persons will give any rate of interest rather than sell them; it is a thing we cannot ourselves understand; persons will go on from year to year giving 4, 5, and 6 per cent. on stock rather than sell it.

3064. Do you speak that of your own knowledge?—Yes; I have large dealings in stock; we prefer stock which we put into our own name, and can make useful in business; the stock is all the same, and we can replace it again; but with Exchequer Bills we cannot.

3065. When you sold to Mr. Richardson you told him, did you not, that the bills had been compared with the counterfoils and found genuine?—I did tell him so; I am not sure whether I told him that at the time.

3066. Did you tell him they were bills that had come from Morgan?—I cannot be certain whether I told him that at the time.

3067. You say you saw persons compare them with the counterfoils, and you were told, ultimately, that they were all good bills?—Yes.

3068. In which of the offices was it you were told that?—In was in the second office, Mr. Smith's office; in the first office it was only the June bills that could be examined. I imagine they kept the June counterfoils in one office, and the March in another. After examining the June bills they took me to the other office to examine the March bills.

3069. Was it there you think Mr. Blake told you they were all good bills?—Yes, Mr. Blake. Mr. Smith, I should say, and this other gentleman, who is under Mr. Wood, in the other office.

3070. Do you know his name?—No; I should know him anywhere, but I do not know his name. I have never seen Mr. Smith to be certain of him, but I have no doubt he was one of those whom I saw.

3071. Could you identify those gentlemen now if you were taken there?—Certainly I could. I do not mean to say that Mr. Wood took any part personally in the examination of those bills; he was washing his hands in his room while it was being done. I offered to leave the bills with them. I said, "I had rather you kept them if there is the least doubt at all about them; keep them for a week or a fortnight if you please, if there is the smallest doubt;" but they said it was of no use, that they were good bills. I suspect now it was Mr. Smith who did that, who took up the bills, and said, "These are my figures, and this is my private mark." That made me perfectly confident that they were genuine bills.

Mr. Keyser went, by direction of the Commissioners, to the Exchequer Office, and after a short time returned, and was further examined as follows:—

3072. Did you see the persons at the Exchequer Office to whom you have referred?—Most

of the gentlemen were gone. I saw one gentleman only that I had seen before. I can be pretty certain that I saw him, a gentleman in Mr. Smith's office. I think he was the gentleman whom they addressed by the name of Blake.

3073. Did he acknowledge having seen you there?—I did not ask him the question. I saw the identical desk on which the examination took place, and I went into the room where the previous examination had taken place, the inner room in Mr. Wood's room.

3074. The ultimate assurance that the bills were genuine was in Mr. Smith's office?—Yes, as far as regarded the March bills; the June bills underwent no examination in Mr. Smith's office.

3075. You received the same assurance as to the June bills as you did as to the March bills?—Yes; I may have imagined that those bills were not properly come by, but that they were spurious bills or forged bills I had not the smallest conception.

3076. When you say you might have imagined that those bills were not properly come by, you mean afterwards, not at the time you took them?—No; I mean when Morgan would not tell me who his principal was, when he would not explain.

3077. Did you mention the name of Rapallo?—No, I never knew that name then.

3078. Did you mention any name?—I said, "Are they Ransom's bills? and I shall be comfortable about them;" but he would not tell me. I fancied they might have been left with him as a deposit. It was said they belonged to Buonaparte, and that they were advanced to pay the expenses of his expedition; there were a great many rumours; we all imagined they were not properly come by; that was when I sold them, but I thought they were as good bills as any bills in the market. When Morgan persisted in not telling me where he got them, that increased my suspicions; and when I found he had borrowed money from other persons on Exchequer Bills, which he had kept secret, my suspicions were aroused, and I imagined that he had some reason for not saying whose bills they were.

3079. Can you state on what day you saw Mr. Morgan when you asked him to name his principal?—The very day that Mr. Ricardo came to me; that was the 22nd, the same day I took them up: previously to taking them up, all he said was, "Take them up, and have them examined." I have the numbers of the bank-notes which were paid; Mr. Morgan had those notes, which he paid direct into the Bank. I saw him go direct into the chief cashier's offices. Seventeen bank-notes I gave to him which I received from Messrs. Hoare, in Fleet-street, from their account, 65,131 to 65,147, running numbers: seventeen bills of 1000*l.* each, dated 1st of January, 1841.

3080. Was any body present when you paid in that money?—No; it was in the Stock Exchange. Messrs. Hoare gave me 50,000*l.* bank-notes that day, seventeen of which I gave to Mr. Morgan.

3081. In what way did Mr. Murray Richardson pay you?—We have what is called a clearing account between us; this is the account with Mr. Richardson in our book I have of the balance I paid to him.

3082. Was that by taking the balance of the transactions of the day?—Yes; which are very intricate between two jobbers: there was Stallard's account; I received for 15,000*l.* consols from him, 13,218*l.* 15*s.* I did not receive that cheque from Mr. Stallard; it passed in an account current with Mr. Stallard. Mr. Richardson and Mr. Stallard are dealers. Hichens 1000*l.*, and 1*s.* 8*d.* interest; Glyn and Company 3189*l.* 13*s.* 1*d.*; that was on the next day.

3083. Had you to make a payment to Mr. Stallard?—Yes; I had to receive from Mr. Stallard on Mr. Richardson's account; that is not the balance of Stallard's account. Mr. Stallard paid me a balance, and I credited Mr. Richardson's account with that amount.

3084. In what shape did Stallard pay you?—That is another account current I had on this day with Stallard; on that very day he credited me with the 13,218*l.* 15*s.* in his account. I have the book here (*producing the same*). This account with Morgan was entirely in the usual course of business. I have lent money at the same rates to some of the first men in the Stock Exchange, which money is even now going on, which I can prove by my books.

3085. What rate of interest does that stock generally bear?—The rate it pays is generally 3½ per cent., but they gave 4, and 4½, and 5 per cent.; that of Lawrence's is on Three-and-a Half Stock, which pays 3½; but they will give very large rates of interest; but I think persons in business very often make use of their friends' stock; they go and ask leave to use their stock for such a purpose for a particular occasion, and they hold bills as a security; but some persons regard their stock as other people do their estates; that they would sooner mortgage them to any extent than be out of their stock. Messrs. Hoare lend about six or seven hundred thousand pounds to us jobbers every account, and we have to lend the money again to other parties; we borrow it of them at 3 per cent., and lend it to other parties at 4 per cent., and very often make money of it in that way.

3086. Is that done on Exchequer Bills?—Yes. Messrs. Hoare will not lend money on Exchequer Bills since this affair. I think it desirable to say that this business of Morgan's was not out of the ordinary course of business, nor such as a person could by any precaution guard himself against.

3087. You never had occasion to sell Exchequer Bills for Morgan?—No, never. Mr. Morgan frequently buys and sells Exchequer Bills; but he would do that with the Exchequer dealers and Exchequer jobbers; I have seen him frequently buy and sell them in the market.

3088. Can you name any person in particular with whom he has had extensive dealings in that way?—There are three dealers in Exchequer Bills, with all of whom he must have had business. Mr. Cooper he has had dealings with; I cannot say that I have seen him

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deal with Messrs. Browne or Messrs. Scott and Son, but I should think they must all have had transactions with him. Mr. Cooper I know has had transactions with him.

3089. After you have taken bills on loan, could you deposit them with another person?—Yes, that is a regular matter; we sometimes lend our own money; in this instance I was a go-between between Messrs. Hoare, the bankers, in Fleet-street, and Mr. Morgan. I borrowed the money of them, and lent it to Mr. Morgan; I think I deposited only 8000*l.* of bills at the time.

3090. Could Messrs. Hoare regularly have raised money upon them?—Yes, of course. They would not wish to do it; they must not borrow money for a longer period than the money had been lent to me upon them, but they may pass from hand to hand. I have heard objections made by persons to have any other than their own bills returned; I think there is nothing in that, it is the usual course in these transactions.

3091. Did Morgan ever make any stipulation of that kind with you?—None whatever; but if I had wanted to use those bills I should have asked him for permission to do so, but I think it is very rarely done except with the Exchequer jobbers; with principals it is very rarely done. Among Messrs. Cooper and Scott and the bankers, they exchange bills of the same dates with one another, but I think that is never done with the principal.

[*The Witness withdrew.*]

Mr. *Samuel Richard Heseltine* sworn and examined.

Mr. S. R. Heseltine.

3092. Are you a stockbroker?—I am a dealer in stock; not a stockbroker.

3093. Are you a dealer in Exchequer Bills?—Yes.

3094. Do you remember on or about the 26th of October selling any bills to Mr. Murray Richardson?—Yes, on the 27th I sold him two Exchequer Bills, Nos. 7066 and 7099. This is Mr. Richardson's ticket (*producing the same*).

3095. Did you sell them on the Stock Exchange?—I the Stock Exchange.

3096. At what premium?—At 8*s.* premium.

3097. Was that the regular premium of the day?—Perhaps it was not the regular premium of the day; but those bills were to be funded, and the parties who would take the trouble to fund expected something like a consideration for doing so, they would say, "We will not take the trouble unless you will take a less premium;" but I have not had to do with Exchequer Bills three times in my life. Knowing Mr. Murray Richardson to be an honourable and respectable man, I did not hesitate to take his word, that if I wished to have them funded this was the price he would give me.

3098. How did he pay you for them?—By a cheque, I should think certainly. There was a little matter of interest afterwards, I recollect, which was matter of arrangement.

3099. On the 27th of October some rumours had got abroad about Exchequer Bills?—Long before that I think.

3100. Will you state as nearly as you can any conversation which took place between you and Mr. Murray Richardson at the time?—Perhaps the best way will be for me to account for my possession of the bills. On the 15th of October I had a very large account with Francis De Berckem on Spanish bonds. My dealings are in Spanish bonds principally. I had to deliver 16,000*l.* on the 15th. Either on the 13th or the 14th (I should rather say the 14th) he spoke to me in the market, and said, "I shall have a very large cheque to pay you to-morrow." I said, "Yes, if you take your stock." He said, "Should you object, if I should be short of money, to lending me 5000*l.* on Exchequer?" I said, "I dare say I can do it, for I can always get money on Exchequer. You may calculate on 5000*l.* out of the 16,000*l.*" I delivered my stock, amounting to 16,132*l.* 5*s.* 1*d.*, which was my claim against him, which he paid by a cheque on his bankers for 11,132*l.* 5*s.* 1*d*, I giving him credit, as it were in the account, for the 5000*l.* Exchequer which he deposited with me. This deposit, he stated, was to be for a few days, that he would take them away again; he might be short of money on the 15th, but would take them away in a few days. The account was so settled, and in that way I became possessed of those 5000*l.* bills. Within a very few days of the 15th there was something in the "Times" about Exchequer Bills; they began to talk of there being spurious bills, or duplicate bills, in the market. I do not know whether it was after, or the day that I had seen this, I said, "You had better take those 5000*l.* Exchequer away." He said, "By all means; I will send for them to-day." I accordingly gave him 3000*l.* of those Exchequer Bills back again, but I had borrowed money through my brother, a stockbroker in Finch Lane, on those identical bills, two of them, and he had borrowed the money of Mr. William Cothay, a merchant in the City. When Mr. De Berckem was prepared to take back the 5000*l.* Exchequer, I gave him three back, and said to my brother, "You must get me those 2000*l.* Exchequer from Mr. Cothay, for Mr. De Berckem takes them to-day." He came back and said, "Mr. Cothay does not want to take them up. Those two bills are at Messrs. Masterman's. Mr. John Masterman has seen the bills, and he says they are perfectly good, and he has been over to the Bank and Mr. Marshall says there are no better bills in the town than those. He does not want to be paid off." I said to Mr. De Berckem, "As there seems a difficulty in getting those other two bills, does it signify to you?" He says, "Oh, no, it does not make any difference to me."

3101. Did he know there had been a deposit of them to another party for the time?—I dare say he did. He might very naturally suppose, as I was to advance money upon them, that I

was to go to another party for it. I remember telling him I could not get them, by which he might imagine they were not in my banker's box. The matter went on, and after that the noise about Exchequer Bills became louder and louder, till I said to De Berckem one day, "Those two bills I have of yours are pronounced to be good bills, shall I fund them?" He said, "Do as you like." Accordingly I sold them to Mr. Richardson, and they were funded. My question to him was, "Will you pay me, or shall I fund them—shall I sell them to a man in the Consol Market who will fund them?"

3102. By the words, "Shall I fund them?" meaning "shall I turn them into money?"—Yes.

3103. Was that the only species of sale that you could hope to effect at that time?—That was what passed between us. Mr. Marshall and Mr. Masterman having pronounced those bills to be good, I thought there could be no doubt of it.

3104. Why should you sell them particularly for funding?—At the time those bills were so sold to Mr. Richardson there was a great noise about Exchequer Bills, and I do not know whether at that time it was possible to do business in the Exchequer market. I remember the time when the brokers would not even make a price with Exchequer Bills.

3105. Did the suggestion come from De Berckem that they should be funded?—I am not sure of that; I think it was probably from myself.

3106. If it came from yourself, it was in consequence of a doubt whether their value could be realized in any other way?—It was the readiest way of getting rid of them; and I remember saying to Mr. Richardson, "I sell you these bills subject to their being received at the Bank, subject to their being funded; but Mr. Marshall has approved of them." That opinion was expressed to Mr. John Masterman, who was the banker of Mr. Cothay.

3107. Still they were sold under the regular price?—In consequence of the trouble accompanying the funding, the man who funds them will have something for the trouble of funding them.

3108. Why should not you fund them yourself?—It was out of my way. Mr. Murray Richardson did not fund them himself; they went to his brother. There are three or four parties, perhaps, concerned in a funding carried on by one individual. Had it not been for the representation made to Mr. Cothay by Mr. Masterman, and the representation by Mr. Marshall, I should not have been called here, for Mr. De Berckem would have taken them back, but Mr. Cothay preferred keeping them as a good security.

3109. Since the discovery of the fraud, have you conversed with De Berckem?—I have conversed with him repeatedly, but not particularly with reference to these bills.

3110. Did you understand from him from whom he received those bills?—I have understood generally that he got them from Mariner. I know he was in the practice of having bills from Mariner; for he was very confidential with me always.

3111. What statement did he make to you on the subject of those bills?—I do not know precisely; but on the day he took the 3000*l.* back he showed no unwillingness to take the remainder. Then the matter became more noised about.

3112. When was it discovered that those two bills were not genuine?—I never knew that they were not genuine till the notice from the Bank to Mr. Richardson.

3113. Have you had any communication with Mr. De Berckem on the subject since?—I told him of the circumstance, but I do not recollect the answer he made; there were so many other Exchequer Bills traced to him, all under the same circumstances. I believe, when the notice came to Mr. Richardson that an exception was made to those two bills, there came a notice also as to the others which were traceable to him.

3114. Have you been long connected in business with him?—As long as he has been in the house nearly.

3115. How long is that?—I think he has been in the Stock Exchange eight or ten years.

3116. You have been connected in business with him all that time?—Nearly all that time. I have had very large transactions with him; I would have trusted him to any amount. He has paid me very large sums; and I have never known him hold back. I have seen him in the evening, and he has said, "Well, if my cheque had not been paid, all the stock in my own box did not go away from me." I believe he did the greater part of his business in Spanish with me; in Exchequer I had no transactions.

3117. You have taken no proceedings against him?—I have taken no proceedings against him.

3118. For what reason?—I have received my money.

3119. You do not apprehend any danger of sustaining loss in the transaction?—No. I cannot take proceedings against a man who owes me nothing. He does not owe me anything while I am in my present position, the bills having been funded, and I having been paid.

3120. You, not having been called on to repay it, do not conceive that you have any right of action against Mr. De Berckem?—No; I suffer no damage.

3121. On whom does De Berckem draw?—On Robarts, Curtis, and Co.

3122. The cheque he drew in your favour was on Robarts?—Yes; the cheque for 11,132*l.* was paid.

3123. The consideration you gave to De Berckem was stock?—Spanish bonds.

3124. What evidence have you of the transfer of those bonds to De Berckem to the amount you have stated?—I dare say I can furnish the numbers of the bonds; one of my clerks delivered them at his office, and took the cheque.

[*The Witness withdrew.*]

Adjourned till Monday next, at 11 *o'clock.*

Examinations.

Mr. G. Heseltine.
30th May, 1842.

MONDAY, 30th May, 1842.

The EARL of DEVON in the Chair.

Mr. *George Heseltine* sworn and examined.

3125. You are the son of Mr. Samuel Heseltine?—I am.
3126. You are his clerk?—I am.
3127. Have you any information to give the Commissioners with reference to the Exchequer Bills, Nos. 7066 and 7099?—I have brought the numbers of the Spanish bonds for which those Exchequer Bills formed part of the consideration.
3128. To whose account were those Spanish bonds placed?—Francis De Berckem.
3129 At what date?—The 15th of October, 1841.
3130. Was the transaction effected by you personally?—Yes; I delivered the stock, my father transacted the business.
3131. That is, the bonds?—Yes; this is Francis De Berckem's account. I have here the numbers of the bonds.

The account was read as follows:—

"Francis De Berckem's Account, Oct. 15, 1841.

M.			£.	s.	d.	M.		£.	s.	d.
5	Spanish Active Stock,	21⅜	1090	2	6	97	Spanish Active Stock, 22¼	22,014	3	0
15	do.	21¼	3251	5	0					
7	do.	22⅞	1633	5	6					
27			5974	13	0					
70	Spanish Active Stock to deliver Francis De Berckem for		16,132	5	2		3 | 32 on 97 m.	92	15	2
97			22,106	18	2			22,106	18	2

Dr. Oct. 15th. Cr.

Francis De Berckem.

To 70 M. Spanish Active Stock	16,132	5	2	By draft on Curtis and Co.	11,132	5	1
				Received on the 15th of Oct., and by loan on 5 | 1000*l.* Exchequer Bills . . .	5000	0	0
					16,132	5	1
				Error in cheque			1
"Samuel R. Heseltine."					16,132	5	2

3132. Are those transferred by mere delivery, or is there any indorsement made upon them?—We merely deliver them.

3133. Is the account in your father's handwriting?—It is.

3134. Were those Spanish bonds at the time of the actual value they are expressed to be in this account?—Yes.

[*The Witness withdrew.*]

Mr. *Edward Ellis,* sworn and examined.

3135. You are a broker?—I am.

3136. Your firm is Edward Ellis and Co.?—Yes.

3137. Do you act as brokers for the London and Westminster Bank?—Yes.

3138. In that capacity did any Exchequer Bills pass through your hands?—Yes, I bought 10,000*l.* of those bills for the London and Westminster Bank: this is a copy of the particulars. The numbers run from 7387 to 7396.

3139. When were those bought?—The 16th of April, 1840.

3140. All the bills were dated the 16th of March of that year?—Yes.

3141. Of whom did you buy those?—Of Mr. Scott, an Exchequer dealer in the Exchequer market. I think the firm is William Scott and Son.

3142. In what way did you pay for those bills?—I paid by giving Mr. Scott 10,000*l.* bank notes, and a cheque for the balance.

3143. The whole purchase being 25,000*l.*?—Yes, and I have with me the cheques I paid for them.

3144. On whom were they drawn?—On the London and Westminster Bank, and on Messrs. Barclay, my other bankers.

The account was read as follows:—

" 16th April, 1840.

" Bought for the London and Westminster Bank,

" Exchequer Bills, dated 16th March, 1840					£25,000	0 0
" No. 10,276 to 90	15	1000	interest, 31 days, 2¼*d.*		72	13 1
7387 to 96	10	1000	premium, 25*s.*		312	10 0
			" Banker's Commission		6	5 0
					25,391	8 1"

" Bought of William Scott."

3145. What became of those bills?—I took them to the London and Westminster Bank in the course of business; they took charge of them; they were bought for them.

3146. Were you at any time afterwards employed to get back any bills from the London and Westminster Bank?—Yes.

3147. Do those refer to this lot?—Yes.

3148. At what time was that?—February 23rd, 1841.

3149. By whom were you applied to?—Mr. De Berckem.

3150. What was the nature of the application?—He came to me, and told me that he had ascertained from Mr. Scott that Mr. Scott had sold me those 10,000*l.* bills; that he wished very much to have those identical bills back; and if I could procure them he should feel very much obliged to me, bringing me 10,000*l.* other bills in exchange. I first of all went to Mr. Scott, to ascertain whether the story was correct that he had those bills, having borrowed money on those bills. Mr. Scott said, It was all correct; and that if I could get the bills back it would be obliging them both; in fact, that Mr. Scott had lent money on those bills to Mr. De Berckem for some time, and he had parted with those bills inadvertently, not meaning to sell them, among others. I went to the London and Westminster Bank, and told them I should feel obliged if they could let me have those same bills back again; that they had been given by mistake, and that I should get a commission upon them. They let me have them back immediately. One bill was as good to them as another; and De Berckem gave me others for them.

3151. Did he make any acknowledgment to you?—He paid me the commission; here is the account of the transaction.

Examinations.

Mr. Edward Ellis.
30th May, 1842.

The same was read as follows :—

" Feb. 23rd, 1841.

" Sold for F. De Berckem, Esq.,

	" Exchequer Bills, dated 16th March, 1840,	£10,000	0	0
" Nos. 5577, 7340, 7947, 7948, 7949, 7950, 5575, 5576, 5602, 1830 : 10 of 1000*l.* advertised Exchequer Bills.	Interest, 344 days, at 2¼*d.* . .	322	10	0
	Premium, 4*s.*	20	0	0
		10,342	10	0
	Commission, to be paid by F. De Berckem, Esq.	5	0	0
		10,337	10	0

Sold to the London and Westminster Bank.

" Bought for F. De Berckem, Esq.

	" Exchequer Bills, dated 16th March, 1840	£10,000	0	0
" No. 7387 to 7396—10 | 1000*l.* advertised Exchequer Bills.	Interest, 344 days, at 2¼*d.* .	322	10	0
	Premium, 4*s.* . . .	20	0	0
		10,342	10	0

" Bought of the London and Westminster Bank."

3152. Those bills would be to be exchanged in March?—Yes.

3153. Were the new bills he gave you sent up to be exchanged?—The London and Westminster Bank managed that in the usual course of business.

3154. How long are the bills advertised before the exchange?—I think generally three or four weeks.

3155. Did De Berckem give you any particular reason for wishing to have the bills back?—No, I do not recollect any thing particular; those things sometimes occur in business. He said he had borrowed money of Scott on those bills, and that Scott had parted with those particular bills, which he ought to have had back, and he asked me to get them back. It was a long time before anything fraudulent transpired, and therefore we did not think anything at all of it.

3156. Did the bills given by you in exchange for the former ones turn out to be genuine as far as you are aware?—As far as I am aware no complaint was ever made of them by the London and Westminster Bank.

[*The Witness withdrew.*]

A letter signed "C. N. Trevelyan," dated Treasury Chambers, 26th of May, 1842, addressed to the Commissioners on Forged Exchequer Bills, was read.

A petition, signed "William Dobson," dated 18th May, 1842, addressed to the Right Honourable the Lords Commissioners of Her Majesty's Treasury, enclosed in the above, was read,

A letter from the Comptroller-General of the Exchequer to the Lords of the Treasury, on the application of Mr. William Dobson, dated 21st of May, 1842, was read.

[Mr. *William Dobson* further examined.

3157. Since you were last before the Commissioners a letter has been received from the Treasury authorising an inquiry into the two bills, Nos. 8369 and 8274?—I have those bills in my possession (*producing the same.*)

3158. They are bills for 1000*l.* each?—Yes.

(*The same were delivered in, and appeared to be bills of the* 15*th of March,* 1841.)

3159. What steps have been taken with regard to those bills, to ascertain their genuineness?—I sent them up to the Exchequer Bill Office, and they were returned with the answer that they did not tally with the counterfoils.

3160. When was that?—On the 26th of October.

3161. Were they sent with other bills?—No; I sent them alone.

3162. By whom?—By one of our clerks who came to the west end of the town; and when he was there, there was a great many persons waiting. He saw Mr. Tomkins there, and Mr. Tomkins volunteered to wait for him; and he waited three hours, which relieved our clerk from stopping so long.

3163. Who took them in, or who handed them to the officer for examination?—Mr. Tomkins; he took them from our clerk.

3164. What is the name of the clerk?—P. Dodd.

3165. Is he with your house now?—Yes: then Mr. Tomkins brought them back home with the answer that they did not tally.

3166. So that the mode of examination must be detailed by Mr. Tomkins?—Yes; our clerk knows nothing about that part of it.

3167. In what way did you become possessed of those bills?—About two months before it was ascertained that there were spurious bills in the market. I happened to have money. I had been in the habit of discounting with a bill broker, and had five or six per cent.; but there were so many failures about July and August, I began to think it would be more prudent for me to be satisfied with a small interest on good security, than to risk my money by discounting; and on the 10th of August I took the first of those bills.

3168. Did you go into the market?—No; Mr. Tomkins was at our house, where he is every day; he is a member of the Stock Exchange, and transacts the business of Mr. Forbes, who is the broker of our house.

3169. Did you employ Tomkins to lay out your money?—I asked him if he would be so obliging as to get me an Exchequer Bill, for which he was to allow me four per cent. I wanted to have four and a half per cent., but he would not give it to me. I knew he had been allowing our house four and a half, but he would not give it me; he took the half per cent., I suppose, for the trouble he had in getting it me.

3170. Which of the bills was that?—No. 8369.

3171. He brought you that bill?—Yes; and I handed him over a 1000*l.* Bank note. The number of the note I have here; it is 48,640, of the 1st of January, 1841.

3172. Did he tell you at that time from whom he got that Exchequer Bill?—No. I know nothing at all about the business except asking for the bill.

3173. You did not know to whom your money was lent?—No.

3174. What were the terms of the loan?—Payable on demand. Whenever I chose to ask for my money I was to have it, and he had the privilege of paying me back whenever he pleased in the same way.

3175. That is a common way of doing business?—Yes.

3176. With regard to the second bill, when did you get that?—No. 8274 I had on the 17th of August.

3177. Did that come from Tomkins?—It did.

3178. What did you give him for it?—I gave him for it a 1000*l.* Bank note, No. 49,745, dated 1st January, 1841.

3179. Were the terms the same?—Exactly the same; 4 per cent., payable on demand.

3180. Did anything more pass about those bills?—Nothing whatever until the day I demanded the money.

3181. When did you demand the money?—As soon as I heard there was anything wrong in the market, then I sent for my money.

3182. On what day was that?—On Saturday, the 23rd of October.

3183. Did he make any statement, or what did he do when you demanded the money?—He said, "Oh, very well, I will go and get it you directly." He went out for the purpose of going and getting me the money; he came back in about an hour and a half, stating that there was such a disturbance and panic in the market, he could not get the money; he did not say from whom he could not get it, but only that he could not get the money.

3184. Did he at any time tell you of whom he had borrowed that money?—When it was of no use keeping anything in the dark, he told me, three or four days afterwards, when I found out that they were forged bills.

3185. From whom did he then say he had the bills?—He said he had them from De Berckem.

3186. You have known Tomkins some time?—Yes; fifteen or sixteen years.

3187. You have seen him in the regular course of business?—Every day; he never misses a day that he is not at our house doing the Stock business.

Examinations.

Mr. Wm. Dobson.

30th May, 1842.

3188. Was there any person present when you handed him over either of those Bank notes?—No; I do not know that there was. It was in our counting-house. There were many present, but no one would take notice of it, of course.

3189. Did any writing pass?—No.

3190. There was no account rendered?—No account. I have the original entry in my own book.

(*The book was produced, and the entries inspected by the Commissioners.*)

The same were read as follow:—

"1841.

August 10th. Lent to Tomkins, on an Exchequer Bill, 8369, dated 15th March, 1841, 1000*l.*, 4 per cent. interest, payable on demand.

August 17th. Lent to Tomkins, on an Exchequer Bill, 8274, dated 15th March, 1841, 1000*l.*, 4 per cent. interest, payable on demand."

3191. Before you demanded the money on the 23rd, you did not at that time know the bills to be spurious?—No, I did not.

3192. What passed between you on that occasion?—I found there was some disturbance in the market about Exchequer Bills, but it was not known at that time what it was. I said, "I should like to have my money back again, I do not feel comfortable;" and he said he would go and fetch the money.

3193. Did you see him again when they were ascertained not to be genuine?—Yes; it was on the Tuesday that he ascertained that.

3194. When he brought back to you the intelligence that they did not agree, what passed between you upon that occasion?—There was nothing more than that I said it was a very bad piece of business, and that we must wait and see what would come of it, but nobody knew whether they were forged or not. He told me Mr. Perceval, when he showed them to him, did not know whether they were his own signature or not, which gave me some hopes that they might turn out to be right.

3195. Did he express any hopes that they would turn out to be right?—He knew no more about them than I did,—he felt very anxious, for I was not the only person to whom he had given them,—he could only express his regret that it should be so,—and that he was as innocent as I was in the business, which I was satisfied that he was. He said that on the Monday the 25th, very likely, he should be able to raise the money; but on the Monday things were a great deal worse, nobody would look at an Exchequer Bill.

3196. Have you taken any proceedings against him to recover your money?—No, and I do not think it would be of any use to proceed against him; the Bank of England has a verdict against him for 8000*l.*

3197. You do not think he has the means of payment?—No; for he has begun business for himself only the last few years, and that not much, not above five or six years, according to the best of my recollection. He was with Mr. Forbes before he was a member of the Stock Exchange 15 or 16 years; then he became a member of the Stock Exchange, and did business on his own account, as well as for Mr. Forbes.

3198. You think that was five or six years ago?—Yes, I should think so; but time slips away so rapidly, it may possibly be more.

3199. Have you known anything of De Berckem yourself?—No, I do not know him even by sight. I do not know that I ever heard the name before this business. The Bank note, 47,745, to which I have referred, went to the credit of Mr. Tomkins, in payment of a loan. I have the book containing the entry (*producing it*).

(*The entry was inspected by the Commissioners.*)

3200. Have you a statement of the loans which have been made to Mr. Tomkins by Stones, Martin, and Co.?—Yes; this is an exact copy from Mr. Martin's own ledger, which is his private book.

3201. Have you any means of giving the numbers of the Exchequer Bills?—No. On the credit side there is an entry of 1000*l.* that was paid off on the 17th of August by the note 49,745. That bill which I have now proved was the bill Messrs. Stone and Co. held in their hands at four and a half; he handed it over from them to me at four per cent. If he had wanted the money for a permanency, I should not have let him have it so low. Everything due to Messrs. Stones and Martin was paid off on the last exchange; there was not a farthing owing from the 1st to the 26th of June, then he borrowed 1000*l.*

The account was read as follows:—

Examinations.
Mr. Wm. Dobson.
30th May, 1842.

"SUNDRY LOANS to H. Tomkins, payable on demand on security of Exchequer Bills at four and a half and five per cent.

Dr.					Cr.
1841		£.	1841		£.
Jan. 18	To cash	11,500	Mar. 5	By cash	1,500
Mar. 4	,,	10,000	,, 6	,,	6,000
			,, 12	,,	5,000
				Balance	9,000
		21,500			21,500
,, 12	Balance	9,000	April 14	By cash	12,000
April 7	To cash	3,000	,, 21	,,	1,000
,, 14	,,	25,000	,, 26	,,	5,000
May 7	,,	2,000	May 1	,,	5,000
,, 10	,,	10,000	,, 5	,,	6,000
			,, 27	,,	10,000
			June 1	,,	10,000
		49,000			49,000
June 26	,,	1,000	Aug. 17	,,	1,000
July 8	,,	20,000	,, 31	,,	10,000
,, 16	,,	1,000	Sept. 23	,,	11,000
		22,000			22,000

At five per cent. to 7th April, inclusive; four and a half per cent. from 14th April to the closing of the account."

[*The Witness withdrew.*]

Mr. *James Ballard* further examined.

Mr. James Ballard.

3202. It appears by the account that you have delivered in, that the last advance made by the Bank to Mr. Tomkins was 10,000*l.* You were understood to state that the last loan by the Bank was to the amount of 11,000*l.* Will you explain that?—Mr. Tomkins had two advances in September—one of 10,000*l.* and the other of 11,000*l.* The 10,000*l.*, which is the one referred to in that account, was redeemed on the 22nd of October, which was the same day that he partly redeemed the other. He redeemed the whole of the 10,000*l.* and 3000*l.* out of the 11,000*l.*

3203. In redeeming the 3000*l.* out of the 11,000*l.*, what passed with regard to the three bills he took away?—I have made inquiries since I was here, and the gentleman who delivered the bills to him took the three first that came to hand, without any observation on the part of Tomkins, and he handed them over to him as he had no apprehension.

3204. On the last occasion you stated that he had applied for the June bill?—Yes; that was the impression on my mind; but I have since inquired, and I find that Mr. Henry Dixon, who delivered the three bills to him, gave him three of the bills without any observation on his part.

3205. The advance of 11,000*l.* does not appear in your account?—No; that is the amount which is in question, with the exception of the 3000*l.*, which was redeemed. That is an account of the loans which were redeemed. I have with me the entry in the Bank books of that loan of 11,000*l.*

The Witness produced the extract, which is as follows:—

"23rd Sept. 1841.—The Bank advance Henry Tomkins 11,000*l.* on the security of 11,000*l.* Exchequer Bills, dated the 15th of March, 1841, and the 16th of June, 1841.

"Nos. 8278 to 8282	5—1000	dated 15th June, 1841	£10,000
8374 to 8378	5—1000		
7068	1—1000	,, 16th June, 1841	1,000
			£11,000

"Oct 22. Henry Tomkins redeemed 3000*l.* Exchequer Bills, Nos. 8377 and 8378.
2—1000, dated 15th March, 1841.
7068 1—1000, 16th June."

[*The Witness withdrew.*]

John Masterman, Esq., M.P., sworn and examined.

John Masterman, Esq., M.P.

3206. Mr. Lewis Levy keeps cash at your house, does not he?—He does.

3207. Do you recollect having at any time some Exchequer Bills of his in your custody which were considered spurious bills?—I had the two bills, alluded to in my summons, in my custody, 8440 and 8441.

3208. Were they deposited with you merely for safe custody, or were they as security —Merely for safe custody.

Examinations.

John Masterman, Esq., M.P.

30th May, 1842.

3209. What occurred with reference to those bills?—About that time there had been a good deal of conversation about Exchequer Bills coming into the market in a way that was not quite understood.

3210. What was the date?—I recollect Mr. Levy applying to me on Friday the 22nd of October, for two Exchequer Bills of 1000*l.* each, which had been left with us for safe custody; and rumours having been afloat of Exchequer Bills being in some irregular way in the market, a joke passed between us whether those bills were not of that description. I afterwards saw Mr. M'Mullen, who likewise keeps an account with us, and I told him I had been joking about some Exchequer Bills that I had just delivered to a customer, as to whether they were likely to be some of those regarding which some surmises had been abroad. No suspicions, however, being entertained of their genuineness, Mr. M'Mullen expressed a desire to have the numbers of the bills, and I gave him those alluded to, of 8440 and 8441. Mr. M'Mullen came back afterwards somewhat alarmed, stating that he had paid Exchequer Bills of those very numbers into the Bank of England a few days previous, and feared there must be something wrong in the business, and wished to see the bills. I endeavoured to find Mr. Levy on the Saturday morning, and met him at Mr. Thomas's. Mr. Levy said I might have the bills and do what I liked with them; but I did not take the bills away with me, but only satisfied myself of the correctness of the numbers I had given to Mr. M'Mullen, and went immediately to the Bank of England, and ascertained that they corresponded with those paid into the Bank by Mr. Levy. I did not go to the Chancellor of the Exchequer on the subject; and, in fact, had nothing more to do with the transaction; I merely went to the Cashier's office at the Bank.

3211. You were fortunate enough not to have any of those doubtful bills in your house?—We had none.

3212. Had you about that time any large number of Exchequer Bills offered to you as a security?—I do not recollect the exact period within a week or ten days, but a short time previously a customer of ours came in and asked whether we would like to lend any part of 60,000*l.*, at six per cent. interest. He spoke to one of my partners, and he brought him in to me. I said, "What interest do you talk of?" He said, "We do not talk of less than six per cent." That struck me as a high interest. Rumours were in the market about Exchequer Bills at a high rate of interest, and I declined to have anything to do with it.

3213. Have you any objection to state the name of the customer?—Not the least: his name is Joseph Nathan. He told me afterwards that he got them from Mr. De Berckem, and he was merely to have a commission for negotiating them.

3214. Supposing you had not heard any rumours at that period, would the offer to pay six per cent. have excited any suspicion in your mind?—Being offered that for so long a period as three months, it struck me as a very high rate of interest; if it had been from day to day, or for a few days, I should not have thought anything about it.

3215. In the course of business you very often see that for short periods persons are willing to give a very high rate of interest?—Yes; it is a common thing to give very high rates for short periods, rather than give up their securities; but I said, "I cannot think how it can be worth your while to give that interest, and hold them at three and a half." He said, "Oh, it will answer my purpose." I said, "You had better go and sell them; they are at 12*s.* premium."

3216. You have occasion sometimes to lend money on Exchequer Bills?—Certainly we always thought them the best security we could lend on; they are always marketable.

3217. Does it appear to you, in the ordinary course of business, that for a year, or a year and a half together, persons should be borrowing money, having a considerable loan from a banker on a permanent deposit of Exchequer Bills paying five per cent.?—It is very difficult to give a clear answer about that: persons like a loan of money for the purpose of shifting it backwards and forwards. I can hardly give an answer which would be useful.

3218. The rate of interest on money of course varies considerably. Does it often happen that a banker has a loan out for a twelvemonth to the same party, at the constant rate of five per cent. interest on Exchequer Bills?—I think I can say I have such a circumstance at the present moment to a small extent.

3219. To what extent?—Only a small amount; a man who wanted to hold his Exchequer Bill, I suppose; but it is a genuine bill, for it has been changed over and over again.

3220. For what period?—I cannot say exactly, but many months.

3221. At what rate?—According to the Bank rate of interest.

3222. Generally speaking, in lending money on Exchequer Bills, how are you regulated as to the interest?—That depends upon the market rate of the day.

3223. Is that constantly varying?—Continually. The other day I could not lend money at three per cent., and the next day I lent it at ten per cent. on English security: in case of too much stock or too many Exchequer Bills coming on the market, there is not money to absorb them.

3224. Does that relate more to short periods?—The high rates certainly are generally for short periods.

3225. What is the longest period at which it is usual to lend money on Exchequer Bills at five per cent.?—It is impossible to define that; there must be an arrangement between parties just as they choose; there is no regular rule.

3226. You stated that you thought three months long at six per cent.: would you have thought it a long time at five per cent.?—I can hardly say that; but six per cent. did appear to me to be an extravagant rate for that period.

3227. Does it happen in your experience to see a customer having money on loan from a

banking-house for a year or two constantly at five per cent.?—I should have no objection to a loan in that way on Exchequer Bills.

3228. Would it be in the ordinary course of your transactions?—It is one of those things I can hardly state. I have a loan now out at five per cent., and have Exchequer Bills upon it.

3229. To the extent of 20,000*l.*?—No; but I should have no objection to such a thing. The Bank rate of interest would very much govern matters of that kind: no person would think the Bank rate of interest was not a proper rule.

3230. Taking five per cent. as the ordinary rate of interest, could it be worth a person's while to be paying five per cent. for a year or two, he receiving only three and a half; is not that a circumstance which would excite suspicion that they were not his own Exchequer Bills?—I can only say that six per cent. did excite my suspicion: I do not think that five per cent. would do so, if it was the Bank rate at the time.

3231. In Mr. Levy's evidence he referred to the bills deposited for safe custody at your house, he could not tell the numbers of them. Do you keep a note of the bills deposited with your house?—We do. I have brought an extract from Levy's account (*producing the same.*)

The same was read as follows:—

"Lewis Levy in account with Masterman and Co.

Dr.						Cr.				
1837					£.	1837				£.
Aug. 31	3105			19 Dec.	500	July 31	9691		19 Dec.	1,000
Oct. 6	9691			,,	1,000	,,	3105		,,	500
						,,	1409		,,	200
Dec. 14	5585, 5586, 5587	3	100	,,	300	,,	6636, 6637, 5585	3	,,	300
,,	1409			,,	200					
1838										
Feb. 21	5595, 5596, 5597	3	100	14 Dec.	300	Dec. 15	5995, 5996, 5997	3	14 Dec.	300
,,	1309			,,	200	,,	1309		,,	200
1839						1839				
Aug. 15	4626			18 Mar.	1,000	June 3	4626		18 Mar.	1,000
1840						1840				
Nov. 23	5830			17 June	1,000					
,, 30	5831, 5832	2	1000	,,	2,000	Oct. 22	5830, 5831, 5832	3	17 June	3,000
1841						1841				
Sept. 24	7072, 2122	2	1000	16 June	2,000					
,, 27	7073			,,	1,000	July 12	7072, 7073, 7074, 7075, 7076	5	16 June	5,000
Oct. 14	7074, 7075, 7076	3	1000	,,	3,000					
						Aug. 15	2122		,,	1,000
,,	7082, 7083, 7084, 7085, 7086	5	1000	,,	5,000					
						,,	7082, 7083, 7084, 7085, 7086, 7087, 7088, 7089, 7090, 7091	10	,,	10,000
Oct. 22	7087, 7088, 7089, 7090, 7091	5	1000	,,	5,000					
,,	8440, 8441	2	1000	15 Mar.	2,000	,,	8440, 8441	2	15 Mar.	2,000
					24,500					24,500"

3232. In case of a loan on the deposit of Exchequer Bills which are renewed at the period of exchange, is there any fresh memorandum or entry made of the transaction?—None at all; the interest is received, and goes to the customer's account, and the interest on the loan is kept as a separate thing.

3233. Is there any entry made by the banker except the note left at the original time of the deposit?—That depends so much on the mode of book-keeping; they are very often tied up in a box and put away till they are wanted.

3234. In your experience, has it ever occurred to you, before the recent transactions, to have any suspicion excited about Exchequer bills, or to look at them, or have you always treated them as matters passing current?—We never had an idea of any question as to their validity; there were suspicions, of various persons, that there was an uncommon quantity in the market, but that was a suspicion that some official person had got them abstracted from some public Company.

3235. What particular appearances had led to that suspicion?—The quantity in the market constantly being borrowed on.

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John Masterman, Esq., M.P.

30th May, 1842.

3236. How long had those appearances presented themselves before the 21st of October, when the matter first appeared in the newspaper?—Not feeling an interest, I did not take particular notice. I heard a kind of gossip going on, that was all.

3237. Did you happen at that time to have many Exchequer Bills of your own?—Not any great amount, for we are not in the practice of holding a great many.

3238. Does Mr. Cothy bank with you?—No; I think he banks with Robarts's. I have had dealings with him.

3239. Do you recollect advising him to retain some Exchequer Bills, saying that to your knowledge they were good?—I recollect his coming in about some Exchequer Bills he held, and asking me whether I could inform him whether they were genuine. I said, I could not judge at all, but that I was just going over to the Bank about the 8440 and 8441, and that I would ask the Cashier, if he liked. I saw Mr. Marshall and another cashier. They looked at them, and one said, "This is not Lord Monteagle's writing, but I think it is Mr. Perceval's handwriting." I said, "Are they good bills?" He said, "I have no doubt about that." I told him I could give no more information than that I had obtained, that they thought they were good bills; that they were not Lord Monteagle's, but that they were Mr. Perceval's signature. He showed them to me., I should not have suspected them in the least, but there was a great misfortune in the same name being allowed to be signed by different parties.

3240. Does the Bank of England take five per cent. on the deposit of Exchequer bills?—At certain periods they did lend money at five per cent., but now they lend at four per cent.; they have altered the rate of discount.

3241. For what length of period have they lent at five per cent.?—They will not lend for less than ten days. They begin to lend about the 3rd of June, re-payable about the middle of July, people having the option of redeeming after ten days.

3242. On those terms they sometimes get five per cent. on the deposit of Exchequer Bills?—They have done so continually; and if this matter had blown up a little sooner the Bank of England would have had a greater portion of them. There was a very large amount in the Bank a short time previous.

3243. Suppose five per cent. taken by the Bank on the deposit of Exchequer Bills, would that be the rate of interest payable on Bills of Exchange?—Loans on security have generally been made at the same rate as discounts; they are sometimes made at a smaller rate than the rate for discounts: they are now discounting at four and lending at four.

3244. Are loans often made for long periods on a transfer of stock?—Certainly; they go from account to account; that is the general routine of time bargains.

3245. Is it common to have large sums of money out on loan for successive periods, extending to a year and so on, on the security of stock?—I should think not very common, but it depends so much on the fluctuation of the market; stock must be pledged somewhere. if there is an over quantity in the market, whether a man keeps it or shifts to another. It is just as it happens, nothing varies so much as the money market in London.

[*The Witness withdrew.*]

Mr. *William Bennison* further examined.

Mr. Wm. Bennison.

3246. Have you brought with you the numbers of the bills which passed through your hands in your transactions with De Berckem?—I have; these are not the whole of them; they are as far as I can make them out; the former memoranda had been destroyed.

3247. You can speak with certainty to the numbers contained in this paper?—I can; it is extracted from my books and memorandums.

3248. Are you able to speak to its accuracy from your own knowledge, from the examination you have made of books and documents?—Yes.

The account was read as follows:—

"Numbers of Exchequer Bills pledged at different times with Bennison and Lennard, by De Berckem and Co.

June, 1839.		*March*, 1840.		*March*, 1840.	
No. 9160	£1000 each.	No. 5978	£1000 each.	No 7385	£1000 each.
9161		5979		7386	
9162		5980		7387	
9163		5981		7388	
9164		5982		7389	
9165		5983		7390	
9168		5984		7391	
9170		5985		7392	
9173		5986		7393	
9174		5987		7394	
9175		5988		7395	
9176		5989		7396	
9177		5990		7397	
9220		5991		7398	
9224		5992		7399	
9225		7379		7400	
9226		7380		7401	
9227		7381		7402	
9228		7382		7403	
9229		7383		8102	
9230		7384		8103	

March, 1840.		*March*, 1840.		*June*, 1840.	
No. 8104	£1000 each.	No. 2179	£500 each.	No. 5575	£1000 each.
8105		2180		5576	
8106		2181		5577	
8107		2182		5602	
8108		2183		5826	
8109		2184		5827	
8110		2185		5828	
8111		2186		5829	
8112		2187		5830	
8113		2188		5831	
8114		2193		5832	
8115		2194		5833	
8116		2195		5844	
8117		2196		5845	
8118		2197		5846	
8119		2198		5847	
8120				5848	
8121				5849	
8122				5850	
8123				5851	
8124				5852	
				5853	

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Mr. Wm. Bennison.
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W. BENNISON.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'Clock.*

TUESDAY, 31st May, 1842.

The EARL of DEVON in the Chair.

Mr. *Henry G. Aldridge*, sworn and examined.

Mr. H. G. Aldridge.
31st May, 1842.

3249. Do you remember Mr. Tomkins applying to redeem some Exchequer Bills that were deposited as security with the Bank?—I do.

3250. At what time was it?—On the 22nd of October, 1841.

3251. State, as nearly as you can, what he applied for; what he said at that time; did he come for any particular bills?—No, my impression is that we delivered up a June bill, because it was the only one of that date, leaving the remainder all of the same date, of March.

3252. You gave up one June bill and two March bills?—Yes.

3253. Did you make any selection; was there any reason for selecting any particular bills?—No, the first that came to hand, I believe.

3254. You say you believe that was so; can you state, with any degree of certainty, whether Tomkins applied for any particular bills?—No; my impression is that I delivered them of my own accord without any special application.

3255. Did you take the three bills out of the parcel, or did Tomkins?—I did.

3256. Was Mr. Dixon standing near you at the time?—Mr. Dixon came in while I was in the act of delivering them, and stood by while I did deliver them.

3257. You have mentioned the June bill; was the June bill mentioned by Tomkins himself—I believe not; my impression is that he did not ask for any specific bills.

3258. Why did you select that bill?—Because it was the only June bill among the eleven, and I thought the rest would all be of one date.

[*The Witness withdrew.*]

Mr. *Henry Dixon* sworn and examined.

Mr. Henry Dixon.

3259. Were you standing by Mr. Aldridge when he delivered the bills?—I was.

3260. Did you observe whether anything passed on the part of Tomkins, requesting to have any particular bills?—No, not a word; my impression is that nothing was said.

3261. You were not there at the beginning of the transaction?—I was not.

3262. But, as far as you saw, the bills were handed over without anything being said?—Yes.

[*The Witness withdrew.*]

Mr. *William Mollett* sworn and examined.

Mr. Wm. Mollett.

3263. You are a clerk of Messrs. Currie's?—I am.

3264. Were you the channel of some communication between the house and your brother, about taking up some Exchequer Bills to be exchanged?—Yes.

3265. Will you state when it was, and what passed?—I suppose it was about two days before they were to go up.

3266. About the 7th of June?—I should think it was about the 7th of June; they go up on the 9th.

3267. State, as near as you can, what passed?—I am frequently in the habit of going over to his office, to converse with him on different matters, and in the course of conversation I told him Mr. Lawford had desired me to ask him whether we should send up those bills with our

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Mr. Wm. Mollett.
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bills; he said he supposed we must do what was usual, that he did not know anything about them, he would ask the party he had them of; I think that was all that passed at that time.

3268. What passed afterwards on the same subject?—I am not quite certain whether I was at his office, or whether it was when my younger brother came over from his office. He said that he had seen the parties, and that they would exchange them themselves.

3269. How long after was that?—I think it was the morning before they were to go up, or the same morning they were to go up; I think it was the same morning.

3270. Was it your brother, Mr. John Mollett, or your younger brother, who told you that?—I think it was my brother Isaac, a much younger brother, who is in my elder brother's office; two of my brothers are with my elder brother, Mr. John Mollett, and one is with me, in Messrs. Currie's.

2371. You did not yourself see any of the parties from whom Mr. John Mollett had the bills?—No.

2372. All your communication was with him?—Yes, or with my younger brother.

3273. What was your brother John's precise answer when you put the question to him?—That he supposed we must send them up, and do what was usual, but he would ask the party.

3274. Was that party named at the time?—I do not think he was.

3275. Was that the whole that passed between you and your brother John relating to that subject?—Yes.

3276. Have you since that had any conversation with your brother John relative to the subject of the exchange of those bills, and the answer he gave?—I do not think I had any further conversation.

3277. You had no communication with him about his having seen the party, and had communication with the party?—No, I have no recollection of having had any communication with my brother John on that subject previous to their going up.

3278. Have you since?—Since the affair has come out, of course I have had conversation with him upon the subject, and I have regretted since that we did not send them up without going over to ask him anything about it.

3279. Who regretted it?—I regretted it.

3280. Will you state what that conversation was?—I thought it was a pity that we had not taken them up. He said he supposed the parties knew the nature of Exchequer Bills much better than he did; that he knew nothing about Exchequer Bills, and the necessity of sending them up; that he was not conversant with them.

3281. Have you since heard from him, in the course of those conversations, who was the party?—Mr. Simonds.

3282. You heard that from him?—Yes; who, I believe, is a tallow broker; and my brother is agent for a large house of Steiglitz and Co., at St. Petersburgh, a large house in the tallow line.

3283. Do you know where Mr. Simonds lives?—No; I know he has had large dealings with my brother, because I have seen large drafts payable to them for tallow.

[*The Witness withdrew.*]

Mr. *John Mollett*, sworn and examined.

Mr. John Mollett.

3284. What is your particular business?—My particular business is that of agent for Baron Steiglitz, of St. Petersburgh.

3285. Does it occur to you in the course of your business to have money to lay out, or to be concerned in laying out or borrowing money?—Occasionally I have funds of theirs in my hands, to a considerable amount, waiting employment here, either for goods I may have to buy, or goods they have bought and I have to receive for them.

3286. Do you occasionally lay out money for other persons?—No; my business is almost entirely confined to that of Messrs. Steiglitz.

3287. What is the nature of your connexion with Messrs. Currie's house?—They are my bankers.

3288. Have you not at different times employed money for them?—No; only on this unfortunate occasion of the Exchequer Bills. They discount bills for me. I give them the preference of my own bills.

3289. They have been in the habit of advancing money to you on bills of your house?—No; on bills I have myself. Messrs. Steiglitz and Company consign me goods, which I sell here.

3290. Mr. Currie states, "Mr. Mollett is confidentially connected with our house. He has been in the habit of employing money for us in various ways. Whenever we have had money to employ, we have sent to him to know whether he could employ it for us."—I have never employed it for Messrs. Currie in any other way than discounting; giving them my bills.

3291. In the particular transaction to which you refer you took a large sum of theirs on the deposit of Exchequer Bills?—Perhaps I had better state the circumstances as they occurred. I had lent money in January on Exchequer Bills, money I had of Messrs. Steiglitz.

3292. To whom?—Through a Mr. Simonds. I wanted this money in April to pay for some cotton, and for some tallow, I had that day received, on Messrs. Steiglitz's account. I gave notice to Simonds that I should want the money, and he was to redeem the bills. Unfortunately, in the meantime, Messrs. Currie sent to me to know whether I had any bills, or could use any money for them. I said "No; I have not any bills. I want to discount." I think it was my brother's clerk. "I have given notice to redeem some Exchequer Bills. I

dare say the parties will be willing to let them run on, and Messrs. Currie can have them if they like;" and they sent word that it would suit them to take them.

3293. You in fact got the money and transferred the security to Messrs. Currie?—Just so.

3294. Do you remember the numbers of the bills that were then deposited?—No; I have not got them.

3295. They were afterwards exchanged?—Yes; I believe they were.

3296. Who would appear upon the books of Messrs. Currie as the debtor?—I think we credited Messrs. Currie's separate account.

3297. Does Mr. Simonds appear as the borrower of the money or do you appear?—I appear as the borrower.

3298. Did you mention Simonds's name at the time?—I really forget whether I did. I should think not.

3299. The loan ran on for some time?—Yes.

3300. Do you recollect the particular time at which any part of it was paid off?—Yes; in the month of June. Early in June Messrs. Currie gave me notice to redeem the bills; and I gave a similar notice to Mr. Simonds.

3301. Had you any transaction with Mr. Henry Currie separately?—They had given me notice to redeem the Bills.

3302. Can you give the date?—It was early in June, and I had sent the notice on to Simonds. Before that expired Messrs. Currie sent to me to say that Mr. Henry Currie would continue 6000*l.* for his own account, and the house would continue 4000*l.*; and I told Simonds.

3303. According to that statement 6000*l.* of the debt to the house was paid off?—Yes.

3304. How was that paid off? By writing it off in your account?—By writing it off in my book, I believe.

3305. The loan then remained 10,000*l.*; of which 6000*l.* was due to Mr. Henry Currie, and 4000*l.* due to the house?—Yes; I see it stands in my book, "June the 4th, to Henry Currie 6000*l.*"

3306. Can you tell what were the numbers of the Exchequer Bills on which that 10,000*l.* so made up then remained?—No; I have not the numbers of the bills; they were with Messrs. Currie.

3307. Some little time after the 4th of June do you remember a communication being made to you about the exchanging the bills?—I think that my brother, who is a clerk in Messrs. Currie's house, was in my office one post-night, and asked us if they should send up the bills to be exchanged; and whether I replied, or whether one of my brothers, who is my clerk, replied, I cannot say. I think the answer was,—"We suppose you must: we do not understand it ourselves; what is usual you must do, but if you like we will inquire of our parties." We did inquire, I think, the next day. It was left to my brother, my clerk, and I understood it was arranged.

3308. Of whom did you inquire?—Of Simonds.

3309. State as nearly as you can what Simonds said?—The answer from Simonds was, "Oh, the parties would not trouble us to send them up, they would exchange them themselves."

3310. Did he say the parties or himself?—It was my brother Isaac who went to Mr. Simonds; that I understood was the answer.

3311. Who is Mr. Simonds?—He is a broker in the Russia trade.

3312. Have you yourself been much in the habit of having Exchequer Bills, or having money on Exchequer Bills in the course of your business?—I have from time to time large funds; sometimes from 100,000*l.* to 200,000*l.* to employ, and have lent them occasionally through Mr. Simonds, and occasionally through Bennison and Lennard; and they may have deposited sometimes bills with me; sometimes tallow warrants and sometimes Exchequer Bills.

3313. You have never had anything to do with the exchanging of Exchequer Bills?—No, never; I did not understand it.

3314. Did you, at the time of the communication referred to, know at all what was the ordinary practice on loans of this sort, whether from the lender or the borrower to take up the bills to be exchanged?—No, I did not; I left it to my bankers; I thought they understood what was right, and that they would not suffer anything wrong to be done.

3315. Where does Mr. Simonds live?—His counting-house is in Old Broad-street, No. 75, I think; but we met at the Baltic Coffee-House together.

3316. You have your book with you?—I have brought my cash-book.

3317. Does the name of Simonds appear in that or in any of your books, in connexion with this transaction?—Yes; this is the first entry (*producing the book*).

(*The entries were inspected by the Commissioners.*)

3318. This entry was made at the time?—Yes; this entry of the 14th of January, 1841, refers to my transaction with Messrs. Currie. Then there is, April the 14th, "Currie's loan on Exchequer Bills, 4000*l.*" Then there is a subsequent entry on the 24th of April, "Currie's loan on Exchequer Bills, 4000*l.*" Then again on the 22nd of May, 5000*l.*

(*The entries were inspected by the Commissioners.*)

3319. Will you state the terms of the first loan?—The two first loans were at four and a half per cent., and in June it was raised to five per cent.

3320. What was the period of time for which the money was lent?—I think it was repayable on a short notice.

3321. A day's notice of repayment on either side?—I think it was something of that kind.

3322. You had yourself no communication at any time with Simonds, with reference to this

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inquiry, whether the bills should be taken up to be exchanged by him or by Messrs. Currie?—No, I do not recollect that I ever spoke to him about it; it was a part of the business I did not understand. I thought the bankers would arrange it.

3323. Has the reason for the parties not having had them taken up by Messrs. Currie come to your knowledge?—I do not think Mr. Simonds had any reason, but that he acted as between De Berckem and me, and that he acted so because De Berckem had so arranged.

3324. Did you hear anything of De Berckem at that time?—Yes; I think I knew that he was Simonds's party.

3325. At the time of the transaction with Messrs. Currie, did you know that Simonds was acting on account of De Berckem?—Yes, I think I did.

3326. Did you conceive the money to be borrowed in effect by De Berckem?—No, by Simonds. Simonds had used it for me, I not being conversant with the Stock Exchange practices; and Simonds being more conversant with those matters, he had lent the money for me. I considered that he was rather as my agent in the business to lend the money for me. I should say that at the time I knew that De Berckem was the party of Simonds, although I certainly think that if anything had happened I should have looked to Simonds to be responsible.

3327. You considered yourself lending the money to Simonds, so far as the responsibility was concerned, but that he was borrowing it for the benefit of De Berckem?—Yes.

3328. What did you conceive at the time to be the reason of these Exchequer Bills being left in the hands of the banking-house, instead of being carried up to be exchanged?—I really never gave it a second thought, not understanding the business myself, they being with Messrs. Currie, and they being bankers experienced in those matters; as they made no remark to me, that I recollect, I conceived nothing incorrect occurred to them, or they would have communicated with me.

3329. You had never borrowed money on Exchequer Bills before that?—I think not before that time. I borrowed money subsequently; it is possible, but I do not recollect any occurrence of the kind. I may have had among other securities Exchequer Bills; I may have wanted money for two or three days, and have lent those Exchequer Bills; it is possible that may have happened, but I do not recollect an instance. I may have wanted the money for a fortnight.

3330. Those bills in Messrs. Currie's hands, advertised in June, the Commissioners are informed were left in the hands of the house, and withdrawn on the 24th of June, and other bills given in?—Yes; so I understood.

3331. Did those bills come in to Messrs. Currie and Co., through your hands?—So I understand. I knew only at the time, as my brother Isaac informed me.

3332. Do you know whether your brother Isaac obtained those bills from Simonds?—Yes.

3333. He would do so in the regular course of your business as your clerk?—Yes.

3334. Nothing occurred to you at the time as singular in the transaction?—No; for I did not understand it myself, and should have felt secure when Messrs. Currie, the bankers, allowed such a thing: supposing there had been any irregularity, it was unknown to me.

3335. They considered themselves to be dealing with you?—Yes; but still I think, for my protection, if anything had happened wrong, they would have suggested it to me, and called my attention to it, that I might have it explained.

3336. You mean when they heard you were not yourself the party?—Yes, it appeared to me quite by accident that they were not sent up: nothing was said to me upon the subject by Simonds, previously to my sending to him to know.

3337. Then afterwards, as you stated, it was by your brother?—What I mean is, that nothing was said to me or to my brother before; we were not requested to keep them.

3338. Had you some transactions with Messrs. Bennison and Lennard?—Yes, as arising out of those with Messrs. Currie, they told me they would continue them. My brother told Simonds that the whole would be retained; but Messrs. Currie retained only 10,000*l.*; and thinking that I should have funds, and that this would be an eligible security, I deposited them with Bennison and Lennard, taking the money from them; and so the thing stood over to October.

3339. What bills were those?—Part of the 13,000*l.* that were originally with Messrs. Currie. Bennison and Lennard are considered as money-brokers.

3340. Were those part of the bills you originally had from Simonds?—Yes.

3341. When Messrs. Currie applied to you to redeem the bills, or some of them, what answer did you make?—In October I was very much excited at this, and I said they must do what they thought proper.

3342. The question applied to the previous time when they applied to you to redeem a portion of the debt: did you then explain to them that it was not your own transaction?—They knew that the whole of the bills were not mine.

3343. Did they know that the bills belonged to Simonds?—I do not know that they did know that, but they knew that I had them from some other party. When the application was first made in April to me by Messrs. Currie, I distinctly told them the circumstances: their clerk, who came to me, may not have communicated my answer; I stated that I had lent money on Exchequer Bills, which I had called in; that I had no doubt the parties would like to continue them out, and they might have them.

3344. To whom did you communicate that?—I cannot recollect; it might be my brother, who was clerk in the house, or Mr. Lawford: I recollect their coming to me, and that was my reply.

3345. Do you recollect anything particular passing when the disturbance took place?—

Messrs. Currie sent to me; I told them they would do what they thought best. Mr. Lawford, who came from them, said, "Will you authorize us to sell them." I said, "By all means, whatever you think the best course; I am entirely in your hands." I considered that they had a carte-blanche to do as they liked.

3346. You were not able at that time to repay the loan?—No.

3347. What is your present ability to repay that money?—I am sorry to say I should not be in a situation to pay Messrs. Currie.

3348. Have you made any demand on Simonds?—No, I have not, because it happened afterwards that De Berckem, coming to the same coffee-house, and I knowing Simonds, and knowing De Berckem, I was doubtful whether I did not, in some degree, accept of De Berckem afterwards.

3349. At what time do you think you may have accepted of De Berckem as the principal?—I should say somewhere about June, or between April and June.

3350. Under what circumstances?—I had told De Berckem, from time to time, that I wanted those redeemed; the fact was, I thought the money was getting tight; and as I was standing in this situation, merely for the accommodation of Messrs. Currie, and I was getting nothing by it, I did not wish to have any trouble about them—such as having to sell the bills, if money got tight. De Berckem said, "I will pay you your money on such a day"—at the end of a month, for instance. When he came then, he said, "If it will be agreeable to you to continue it another month, I should be glad if you will let it stand over." As I had heard nothing from Messrs. Currie, I let it stand; but I gave him notice, that I might be prepared.

3351. You think this was about June?—In July, I should think.

3352. You began to treat De Berckem as a principal?—Yes.

3353. You have stated that when money was borrowed, you considered De Berckem as the principal concerned?—Yes.

3354. Was it borrowed in the name of De Berckem?—In the name of Simonds. Here are the cheques (*producing them*).

3355. If it was borrowed in the name of Simonds, how came you to consider De Berckem as responsible in any manner for the payment?—Because, when I have spoken to Simonds about redeeming, he has said, "You had better speak to De Berckem." As to the legal responsibility, I can say nothing about that.

3356. You had applied to Simonds for the redemption?—Yes; only in this way. I was getting nothing by it, and did not wish to have any trouble in the matter, and gave that sort of notice.

3357. Was the transaction without profit to you from beginning to end?—No; Messrs. Currie's was four and a half per cent. from the beginning. The first loan was 8,000*l.* I had five per cent.

3358. You gained a half per cent. at first?—Yes.

3359. When it was raised to five per cent. you had no profit?—No.

3360. Then how came you to do it at five per cent. with Messrs. Currie?—For their accommodation.

3361. For Messrs. Currie's accommodation?—Yes, entirely.

3362. It was on the 22nd of May you took 5000*l.* more at five per cent.?—Yes. Then when the exchange took place early in June, the 6000*l.* was retained by Mr. Henry Currie, and 4000*l.* by the house, which went on at five per cent.

3363. From the 22nd of May you dealt with Messrs. Currie entirely for their benefit, obtaining no profit whatever from the transaction yourself?—None whatever.

3364. You continued to do so till July, when you thought it right to make application to Simonds to have it paid off?—I think it was about July.

3365. Had Messrs. Currie requested you to take the additional 4000*l.* in May, or was the application on your part?—I really cannot say at this lapse of time. I should think they sent to me to take it.

3366. Was the application to take 6000*l.* from Mr. Henry Currie an application made through Messrs. Currie?—They had given me notice to redeem; then they sent me word they would take it in that way.

3367. Was that by letter?—No; by a verbal messenger.

3368. By what messenger?—Most likely my brother William, who is a clerk in the house.

3369. Has any correspondence by letter, at any time, taken place between you and Messrs. Currie in relation to these transactions?—Not till subsequently to the discovery.

3370. Did you write to them subsequently to the discovery?—I wrote them a letter, and they wrote me a letter in reply, which I wished them to do, that I might send it to Petersburgh to my friends.

3371. Have you copies of those letters?—Not with me. It was entirely for the satisfaction of Steiglitz and Co.

3372. Did any correspondence take place between you and Mr. Simonds, or you and Mr. De Berckem, relative to those bills at any time?—No.

3373. You were in the habit of seeing De Berckem?—Yes; and I told him from time to time. In the beginning of October, unfortunately, there were a great many failures in the tallow trade, which had made me determined to close the affair altogether, and we had agreed that it should terminate at the end of October, when, unfortunately, this exposé took place.

3374. Had you been connected at all with De Berckem previous to this?—I knew him well, but never had a transaction before with him in my life. I thought he was doing a large stock business.

3375. Were you personally acquainted with him, though you had no connexion in business?—Yes; by meeting him at the same coffee-house.

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3376. Had you been long acquainted with him previously?—In the counting-house I was in before I was connected with Messrs. Steiglitz; the parties were in the habit of doing business with De Berckem. I knew him by meeting him in the City, and seeing him, but I never had any dealings with him.

3377. Were you on anything like terms of intimacy with him?—Oh, no.

3378. Had you been connected with Mr. Simonds?—Yes; he is a tallow broker. I had a good deal of business with him.

3379. What was the original application made to you by Simonds for this loan?—The loan was made by my brother. I was at the time ill at home, confined with an attack of erysipelas.

3380. By which brother?—By my brother Robert, who signed the cheques. He tells me Simonds inquired whether we had any money to lend, as he could employ it for us.

3381. Did any writing pass as to the rate of interest?—The 8000*l.* was lent to be returned on the 2nd of February, then continued to the 16th, and then again to the 28th. The 5000*l.* was lent to be repaid on the 30th of January, and continued to the 16th, and then to the 28th of February, and so on. It appeared to me that they continued them from the settling days at the Stock Exchange.

3382. Was not it out of Mr. Simonds's usual course of business to be raising money on Exchequer Bills?—Simonds is a man of great experience, and I believe speculates a little on the Stock Exchange; he was in the habit of doing this business. The same day that he borrowed that money, I find he borrowed money from other parties in the Baltic trade in the same way, on the same security, from Messrs. Hubbard, and from Messrs. Holford and Co. Being a tallow broker, he knew those parties in the Russia trade who were likely to have money to spare.

3383. It was all done verbally; it was not committed to writing?—There was no writing. I meet Mr. Simonds every day at the Baltic Coffee-house.

3384. When you made application to De Berckem in July to redeem these bills, had any rumours reached you relative to De Berckem?—No, none whatever.

3385. You felt no reason whatever to doubt the respectability of his circumstances or connections?—Certainly not; I should not have let it remain a moment if I had heard anything.

3386. Did he recognise his own liability to you?—In that way he said, "Well, it shall be done; you shall have the money." Then, when the time came round, he applied to me, "If you do not particularly want it, will you let it stand over for another month." In the beginning of October we had positively fixed, I said, "I will have an end put to this; name your own time, the middle of October or the end of October, but we will settle it:" it was to have been at the end of October; that was not from any suspicion on my part, or I should have been more prompt.

3387. When did any suspicion reach you that the bills were not genuine?—It was towards the end of October; there was a good deal of writing in the newspapers, and a good deal of conversation in the City.

3388. The question refers to the rumour as to those bills not being genuine?—I think Messrs. Currie told me they had sent up one bill to be examined.

3389. How did you first receive information that those bills were not genuine?—Messrs. Currie sent me word that they had sent up one bill, I think, which had been kept as a spurious or forged bill; and I think they told me they had sold the others, and that they had been returned to them as bad.

3390. That was the first intelligence you had of the bills not being genuine?—Yes. I had previously heard a suspicion cast on all those bills which had passed from De Berckem.

3391. How soon did you hear of suspicion attaching to all bills which had passed through the hands of De Berckem?—I heard his name mentioned very freely.

3392. Was that after the subject had been mentioned in the newspapers, or before?—After.

3393. Before the subject was referred to in the newspapers, you had entertained no suspicion of the genuineness of the bills?—Not the slightest.

3394. On hearing that they were not genuine, did anything pass between you and Simonds on the subject?—I called immediately on Simonds, and went with him to De Berckem.

3395. What did Simonds say?—He said to me, "We will go to De Berckem directly."

3396. Did he appear not to have heard of it before?—I think he was taken by surprise. I said, "Simonds, I do not like this; people are talking about these bills; come with me to De Berckem."

3397. Did you say why you did not like it?—People were pointing at De Berckem's bills: we went on directly to De Berckem, and De Berckem said, "Be quite easy, they are genuine bills; it is a bit of spite on the part of people: it will all blow over, and all be right, and you shall have your money as we have agreed; only be quiet, do not come to me now." I said, "For God's sake, De Berckem, take my bills; do not place me in this dilemma if there is anything wrong:" and he said, "Be quite easy; I swear they are genuine, and you may go and be quite easy."

3398. This was after the subject appeared in the newspaper, but before you were informed by Messrs. Currie that the bills were forgeries?—Yes.

3399. After that did you again see De Berckem or Simonds?—Yes; I saw them again, and told them what had passed, and I asked Simonds what I should do: he said, "I do not see what you can do; you cannot get anything out of De Berckem, I know."

3400. What did De Berckem say?—I went to De Berckem; he shrugged up his shoulders, and said, "I think it will all be right; the Government have my books; I have been up to Mr. Goulburn," and that sort of thing.

3401. Are there any other Exchequer Bills entered in the schedule to this Act, or which

have turned out not to be genuine, which have passed through your hands?—Only this 10,000*l.* and the 3000*l.* with Mr. Bennison.

3402. There is no other transaction in which any of those doubtful bills have passed through your hands?—No.

[*The Witness withdrew.*]

Charles Trevor, Esq., sworn and examined.

3403. You are Comptroller of the Legacy Duty?—I am.

3404. Can you state what property was left by Solari?—We have had no return. We never raise a charge where the property is left to the wife, which was the case in that instance. We never apply to the executor of a will where the property is left to the wife.

3405. Do you raise no question with regard to the amount of probate duty?—No: the parties buy a stamp of the value they think right; they are put to their oath as to the amount of the property before they take the probate. We have information sometimes where parties are supposed to have given too low a value.

3406. Whenever a probate is taken out, a copy of the will is sent to the Legacy Duty Office?—Yes.

[*The Witness withdrew.*]

Adjourned till to-morrow at 2 o'clock.

THURSDAY, 2nd June, 1842.

The EARL of DEVON in the Chair.

Mr. *John Francis Maubert* sworn and examined.

3407. What is your profession or business?—I am a member of the Stock Exchange.

3408. Are you a broker or a dealer?—I am a dealer.

3409. Had you any communication with the Chancellor of the Exchequer in October last?—I had.

3410. Will you give the particulars?—I cannot exactly recollect the date, but in October last I saw Mr. David Haes; some Exchequer Bills had been offered to him, on which the party wanted to borrow money.

3411. He told you so?—Yes; and from the circumstances under which the loan was proposed to be made, it excited a suspicion in the mind of Mr. Haes; acting on that suspicion he went to the Chancellor of the Exchequer, and told him he thought some fraud had been committed in respect of Exchequer Bills.

3412. He told him, as you afterwards understood; you were not present?—No; I am only relating what I understood from him before I went to the Chancellor of the Exchequer.

3413. You afterwards went yourself?—Yes; Mr. Haes asked me whether I could give any information on the subject.

3414. In consequence of that, did you go to the Chancellor of the Exchequer?—In consequence of that, I wrote a letter to the Chancellor of the Exchequer in the evening: when I got home, and found I had done business with the parties in question, it occurred to my recollection, and I wrote to the Chancellor of the Exchequer upon it.

3415. You wrote this letter after Mr. Haes had had an interview with the Chancellor of the Exchequer?—Yes.

3416. Will you have the goodness to state the purport of that letter?—It was to detail a transaction which I had with Mr. Secretan on the 14th of November, 1839.

3417. Who is Mr. Secretan?—He is a broker on the Stock Exchange, and a man of high respectability.

3418. Will you give the particulars of that transaction with Mr. Secretan?—On the 14th of November, 1839, I lent Mr. Secretan 11,000*l.* on eleven Exchequer Bills of 1000*l.* each, for one month, that is to say, till the 14th of December following, at seven per cent. interest; the next day I went to Mr. Secretan to check the bargain with him according to our custom, and I remarked to him at the time, "You give me a very good interest for that money:" upon which he told me that he was perfectly satisfied, for he had lent it to another party at eight per cent. I made a remark to him upon the rate he had given me, thinking it was rather above the market price; but at the time I must observe that it was not much above it; perhaps the fair rate might have been six and a half per cent. instead of seven.

3419. Would the fair market rate have been six and a half for a month?—Yes, at that time, for money was exceedingly scarce.

3420. Does that apply to Exchequer Bills as well as to any security on which the money might be advanced?—Yes; I think it would have applied equally to Exchequer Bills or stock. On his saying that he had lent to another party at eight per cent., I remarked to him that I thought he must have a very extraordinary customer; those were my words to him, and I asked him the name of the party, and he told me that it was Mr. De Berckem. I then told Mr. Secretan that I thought it was neither worth his while nor mine to continue that account, and we made up our minds to close it on the 14th of December; which we did on the 14th and 16th of December. I received 6000*l.* on the 14th, and 5000*l.* on the 16th of December.

3421. The loan continued for the original period, but was not renewed?—No; from what I had seen, it created some suspicion in my mind, and I made up my mind to have nothing further to do with that party.

3422. Was any application made to you to renew it?—No; Mr. Secretan was quite as willing to conclude the transaction as I was.

3423. No application was made to you?—No; the transaction excited a sort of suspicion in

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my mind. I took down the numbers of the bills, a thing which it was not customary for us to do; the numbers of the bills were Nos. 7949 to 7959, and the date was the 18th of March, 1839. In my letter to the Chancellor of the Exchequer, I stated the thing pretty nearly as I have stated it now, and suggested to him that by making inquiries at the Exchequer Bill Office, to whom those bills were issued in the March preceding, some clue might be found to the parties; and the Chancellor of the Exchequer made the inquiry, and found that those 11 bills had been issued in the March preceding to seven different parties, and it was rather an extraordinary thing that they should come into my hands 11 of a series with the numbers following; there was also further inquiry made, and it was found that 3000*l.* of those bills had been funded by Mr. Ricardo, in the funding of August, 1839, so that they could not have been in circulation in the November following.

3424. From whom did you hear the facts you have now stated?—From the Chancellor of the Exchequer; he was rather anxious to know whether I had not made a mistake in putting down the numbers, and wished me to verify the numbers of the bills. In order to ascertain it, I went to Mr. Secretan, he was not in town; but knowing that Mr. De Berckem was the party, I went to him, and stated that I thought there was something extraordinary with regard to Exchequer Bills, that some fraud had been committed, and that he was innocently concerned in the transaction; and requested him to look to his books, and see whether he had given to Mr. Secretan, on the 14th of November, 1839, those 11 Exchequer Bills, stating the numbers, and which perfectly agreed with his books, and I found on the 14th and 16th of December those Exchequer Bills received back from Mr. Secretan when Mr. De Berckem repaid the loan. When I found those numbers verified, I told Mr. De Berckem, "I am sure there is a fraud committed, and that you are connected with it in some way or other; I believe you are innocently connected with it;" and I recommended to him to take his books at once to the Chancellor of the Exchequer, and to give every information in his power, which he did in the course of the same afternoon; and I went with him to the Chancellor of the Exchequer, and his bills were delivered in to the Treasury.

3425. When did this conversation you have last stated take place?—It was on the day after I wrote the letter to the Chancellor of the Exchequer.

3426. You said you were sure there was a fraud committed, and that he was connected with it innocently; did he make any answer?—No, he seemed to behave very properly on the transaction; he said, "I will give you my books, and I will go up with you to the Chancellor of the Exchequer."

3427. Was that all which fell from him on that occasion? When you mentioned the suspicion of a fraud, did he say nothing on that subject?—No, he said he was convinced the Exchequer Bills were good; at that time I had no idea of their being forged.

3428. Did he mention any reasons for thinking they were good?—No, he did not give any reason for it.

3429. If anything else was said by him upon that occasion, will you have the goodness to try to recollect it, and state it?—He consulted with Mr. Mariner after I had seen him, and on the day between my seeing him in the morning and his going up with me to the Chancellor of the Exchequer, he sent for Mr. Mariner.

3430. Do you know that of your own knowledge?—Yes, he was sent for, and I made the same statement in the presence of Mr. Mariner. He said it was from Mariner he had received all the Exchequer Bills, and I said, "You had better send for him;" and I think he went up the same day to the Chancellor of the Exchequer.

3431. You saw Mariner yourself?—Yes.

3432. Did he make any statement in your hearing?—No; I had some difficulty in getting out from Mr. Mariner who his principal was. I asked him, "Where did you get those Exchequer Bills?" and after a great deal of thinking he told me, in confidence, who it was; but I have no objection to state it. It is very well known that it was Mr. Rapallo.

3433. At this conversation you, Mariner, and De Berckem, were all present; was there any other person present?—No other than Francis and Henry De Berckem.

3434. Did you understand Mariner to admit that it was from him Mr. De Berckem had received all the bills?—Yes, clearly.

3435. What do you mean by all the bills?—That all his Exchequer Bills came from Mr. Mariner.

3436. You understood from the conversation that that was admitted by Mariner?—Yes.

3437. From anything said by De Berckem, did you understand from him that he had had himself intercourse with Rapallo, or that his intercourse was confined to Mariner?—I believe his intercourse was confined completely to Mariner.

3438. You understood that from the conversation?—Yes; there seemed to be no communication between De Berckem and Rapallo.

3439. Did you understand from Mariner that he had received from Rapallo all the bills which had passed from him to De Berckem, or had there been any other source?—I understood that they all came from Mr. Rapallo.

3440. Was the statement De Berckem made as to the goodness of the bills confined to the eleven bills?—No, all the bills generally.

3441. His opinion was that all the bills supposed to be forged were genuine?—Yes.

3442. Did Mariner express any opinion of that kind?—No, I did not hear him express that.

3443. Did he express any opinion upon the subject?—No, I do not think he did.

3444. Can you give the exact date of this conversation; what day in October?—I do not think I can without seeing my note to the Chancellor of the Exchequer; I know it was the day following that on which I first wrote to the Chancellor of the Exchequer.

3445. At that time, whenever it was—was the suspicion prevalent that there were forged bills, or merely that there were bills improperly in circulation?—There was no idea of forged bills.

3446. You refer now to the time when De Berckem expressed his opinion that the bills were genuine?—Yes.

3447. How came he to express that opinion if there was no question of forgery?—The word forgery was mentioned by some people in the market; I think by Mr. Haes.

3448. A suspicion of forgery had been excited to a certain extent at that time?—It had been mentioned.

3449. It was in reference to this idea of forgery De Berckem expressed his conviction that no forgery existed?—Yes.

3450. Will you endeavour to give the exact words, as nearly as you can recollect, that were used by De Berckem on that occasion, and what led to them on your part?—The idea of something being said about forgery, I think, was quite voluntary on the part of Mr. De Berckem.

3451. You did not suggest the idea of forgery, either with reference to the particular bills you were inquiring about or the other Exchequer Bills?—No; the suspicion on my mind was that they had been improperly obtained from some individual or some office, or something of that kind. He expressed his conviction that all the Exchequer Bills he had were genuine.

3452. All the Exchequer Bills that he had, or that he had had?—I do not think I can charge my memory with the exact words; it was merely a sort of cursory conversation at the time: that there was a fraud committed, I recollect, was suggested; I think the charge was fraud, not forgery.

3453. On your making that remark, can you recollect what fell from him?—He expressed a willingness to give every information in his power.

3454. With reference to the subject of forgery?—I do not think anything passed on that subject, except his saying he was quite sure all his bills were genuine bills.

3455. You are certain he used words to that effect?—Yes; he stated to me that he did not know where the bills came from beyond Mariner; that he had not known any one beyond Mariner.

3456. In this transaction, where seven per cent. was given on the loan of 11,000*l.*, was the amount of interest mentioned on the part of the borrower in the first instance, or on your part?—He offered to borrow 11,000*l.* for a month. I asked seven per cent., and he took it.

3457. You have stated that you thought the fair market rate at that time was about six and a half?—Yes, for so long a time as a month; I thought it was about a half per cent. above the market price. I should in the course of business ask a little more perhaps than I expected. If he had offered me six and a half, I should have taken it; that made me remark the next day, that he gave me a good rate of interest.

3458. Have you ever been connected with De Berckem at all?—Henry De Berckem was a clerk of mine when quite a boy; his father was a merchant, and failed in business, and he wished me to take his son into my office; he was then about fifteen or sixteen years of age; he remained with me some three or four years.

3459. Did he then go to his brother's office?—No, I think he went to his father, who established himself as a broker in the Stock Exchange.

3460. How long have you had any transactions with De Berckem?—Never beyond doing business with him occasionally in the Stock Exchange.

3461. Insulated transactions?—Yes; his accounts at one time were so large, that I was rather shy of doing business with him. I thought his transactions were larger than from his station he ought to have gone into, and I made a remark to him upon it, about the time of Mons. Thiers' administration, that he had a very large account, and I hoped he had securities to carry on such an account, or the Stock Exchange might be large losers; and he assured me he had an abundance of Exchequer Bills to carry on any transactions in which he was engaged.

3462. You alluded to his speculative transactions?—Yes; and he certainly at that time had most extraordinary information of what was going on in Paris.

3463. About what time did you make that remark?—It was at the time of Thiers' administration, when there were several notes passed between the two Governments.

3464. Had you occasional intercourse with him from that time down to 1841, and did you know him personally?—Oh yes, I met him constantly, being daily in the same room with him. During the time he was with me as a clerk, he always conducted himself very properly.

3465. Was that conversation about the largeness of his transactions with Francis or Henry?—With Henry. I should not have spoken in the same way to Francis, because I was not so well acquainted with him; but the other had been in my office.

3466. You knew Francis De Berckem by general character on the Stock Exchange, of course?—Yes; his general character was that he was very seldom sober,

3467. In what sort of repute was he on the Stock Exchange in 1840 and 1841?—I should have dealt with him for money transactions. I would have sold him 1000*l.* or 2000*l.* Exchequer Bills, and 1000*l.* or 2000*l.* stock, and have taken his cheque,—but I should not have gone into a larger amount with him. He was in second or third rate credit.

3468. Would that apply to the whole of the year 1840, or to the latter end of 1840, or to what period?—I do not think he ever stood in first-rate credit.

3469. Did his credit improve latterly, or the reverse?—I think it remained much the same.

3470. Did you ever hear a rumour of his having made search after particular Exchequer Bills?—I have heard of that since.

3471. When did you first hear of that?—I think, since the discovery has been made; but I have known search made for Exchequer Bills in the same way by other parties. It is not a common thing, but I have known it occur many years ago.

3472. Do you consider that a circumstance of suspicion?—Whenever you lend money on securities, you are bound to return the same securities the money was lent on. Supposing a broker on the Stock Exchange had borrowed money of me on Exchequer Bills, and by some mistake I misplaced a portion of those, and sold them, I should have gone to any cost

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to have returned him the same Exchequer Bills, if I possibly could. It is an understanding that you are to return the same security you have received.

3473. Do you think that a party would have been very anxious to recover the same securities, if you offered to deliver bills of the same amount and date?—That would depend on circumstances.

3474. Can you conceive any circumstances, consistent with fair dealing, which would account for great anxiety on his part to have back the original bills?—I think a person having borrowed money on Exchequer Bills, and having changed them, it would alter any merchant's books completely if it was found he had sold bills which did not correspond with those he had in his possession at the time. That is the only fair way in which I can suppose parties would be desirous. If a person had made use of a person's bills improperly, he would, of course, be anxious to get back the same bills.

3475. Do you suppose there would be any great anxiety to get back Exchequer Bills under fair circumstances, if others were delivered to him of the same amount and description?—That would depend on the character of the party. A party might say, "I have borrowed money of you on such securities, and I insist on their being returned to me;" from a sort of pique, perhaps; but it can be of no importance as a question of value.

3476. You say it is a transaction you have known to occur before?—Yes; years ago I have known it to occur.

3477. How often have you known it to occur?—Once, or twice, or thrice. I do not think I have known it to occur since the Act of Parliament by which it has been made a felony to embezzle Exchequer Bills. I believe that at the time I refer to they were made use of by bankers, and that they looked very sharply to have the same numbers back again.

3478. Were those instances to which you refer instances in which great anxiety had been shown, and long search made, for the original instruments?—No; I do not think there was long search made. I think they were immediately found.

3479. Was it anything more than a remonstrance, and steps immediately taken for obtaining that bill?—I think they paid a small premium to obtain back the same instruments.

3480. Were those cases where there was no suspicion of the conduct of the parties?—It did not tell to the credit of the party. It excited a good deal of suspicion.

3481. Do you recollect who the parties were to whom those instances referred?—No; it was some years ago. I cannot recollect the names of the parties.

3482. With respect to the market-rate of interest, does it vary a great deal from day to day?—Since the usury laws have been repealed, it varies in an extraordinary degree. Last week, or the week before, I lent money for one day at ten per cent., and the next day it was down at two.

3483. Was it on the same description of securities?—Yes.

3484. Does the market rate vary in some degree with the nature of the security, or is there the same market rate of interest on whatever security the loan is made?—It varies on foreign securities as between them and English.

3485. It is higher on foreign securities?—It is certainly higher on foreign securities; but on English securities it also varies at times.

3486. As between stock and Exchequer Bills?—Yes.

3487. On which is it lowest?—That depends on whether they want stock. I have known when we could borrow at one or two per cent. on one description of English stock, and could not get money on another description of English stock at five or six. Sometimes there is a scarcity of a particular description of stock, or there may be a scarcity of Exchequer Bills.

3488. Does the rate vary according to the period of the loan?—Certainly.

3489. Would there be a market rate of interest on loans from day to day, and another market rate on loans from month to month, or three months?—Yes; a very great difference. It is quite a different thing.

3490. When you speak of the market rate, does not that apply rather to loans for two or three months?—No; the market rate of interest we consider as that from day to day. Our loans are seldom for long dates.

3491. Therefore, when you say the market rate was at the time of the transaction referred to six and a half, you mean from day to day?—No; for a month. The rate for the day may have been only five per cent., or it may have been ten per cent.

3492. If the rate of interest at that time was six and a half per cent. for a month, would it not be more than that for a single day?—No; I think not.

3493. Is not the rate of interest usually higher on short loans than on long ones?—That would depend on the particular time. Supposing the dividends were just paid, you may get money at a very low rate for a few days forward; but supposing it is for three days before the payment of the dividends, then it would be at a higher rate.

3494. Without reference to special circumstances, is the rate of interest higher or lower on short loans than for more extended periods?—I do not think it is, taking it on the average. I do not think there is much difference, but the rate varies very considerably at different periods.

3495. Are loans on Exchequer Bills made frequently, in the first instance, for as long a period as two or three months?—I think that is rather an unusual loan.

3496. Are they usually made for one month on Exchequer Bills?—For six weeks; or, in pursuance of the general plan, from one consols account to another consols account.

3497. You consider six weeks as a long period?—There are eight consols accounts in the course of the year. Those form our large payments. The principal part of our business is done from one consols account to another, or from the middle of the consols account to the close of it.

3498. Is it usual in such cases to renew the loan from time to time, extending over several

months, on Exchequer Bills?—It is not a very common practice. The parties who borrow money on Exchequer Bills at a high rate generally borrow previous to the dividends, to make a better sale when the dividends come out; but if I had a loan with any party, and the party asked me to continue the loan, I should have no hesitation to continue it. If it went on for a very long time continued, and continued at a higher rate of interest than Exchequer Bills paid for a long time, it certainly would excite suspicion.

3499. After what period do you think it would begin to excite suspicion?—I think if a loan went on for six months, that would excite my suspicion.

3500. If made for six months, in the first instance, would it be suspicious?—Yes, I think it would.

3501. What rate per cent. does that suspicion refer to?—At any rate of interest above that which Exchequer Bills paid.

3502. Is your opinion founded on the fact that the party might raise the money more economically by the sale of the bills?—Yes; I should say, What reason can these parties have for holding Exchequer Bills, if they are paying that rate of interest. I do not know that that would prevent my going on lending them the money, if I had a good opinion of them.

3503. Is that a circumstance which would induce you to ask for an explanation from the parties?—No; I might close the loan, but I do not think I should ask for an explanation.

3504. Do any circumstances occur to you connected with a man's having large speculative transactions, or otherwise, which would tend to account for such a mode of dealing satisfactorily?—Those Exchequer Bills had been in the market a good while. The only way in which I have heard that accounted for was, that it was some club who were speculating in Spanish, and that they laid out their money in Exchequer Bills, and that they borrowed money on Exchequer Bills in order to carry on their speculations. It seemed to me an extraordinary way of doing it; but it was the only way in which it could be explained.

3505. Did that appear to you an hypothesis which satisfied your mind?—It did not satisfy my mind so as to induce me to lend money on Exchequer Bills.

3506. Would such a course of transaction tend to excite in your mind any suspicion that the bills had been improperly come by, or that a breach of trust had been committed?—That is the supposition that would affect my mind. The suspicion of forgery never entered my mind; the idea of the forgery of Exchequer Bills never suggested itself.

3507. Had you had previous dealings of the same kind with Mr. Secretan?—No, I think not.

3508. Had you with De Berckem?—No, never with De Berckem.

3509. Had you occasion at any time to make inquiries at the Exchequer Office respecting the genuineness of any bills?—Yes.

3510. Will you give the date?—It was about the 22nd of October.

3511. What took place?—I was at the Exchequer Office to receive some interest on bills I had funded; and while I was there Mr. Hichens came in. He had some bills in his hands which he wished to examine to see whether they were good bills, in consequence of the talk about Exchequer Bills. I told him, "I will go with you, and we will return to the City together." Some of those bills were examined by Mr. Wood in the upper office with the counterfoils. There was another young man assisted him.

3512. Do you recollect the name of that young man?—No, I do not, Mr. Wood was in the office at the time, and was one of the parties in the examination, and compared the bills with the counterfoils. One of them did not quite agree; the first agreed; the second, I think, did not; and the third did. They said they had no doubt the bills were genuine; but for further security asked us to go to the office below, which I afterwards understood was Mr. Beaumont Smith's office. The counterfoil-book was taken down, they were examined again, and declared to be genuine bills. On which I took the bills out of Mr. Hichens's hands, and put my initials on the corner.

3513. Was it Mr. Smith who declared they were genuine bills?—I do not know Mr. Smith's person; it was a stout fair man.

3514. Do you know the particular numbers?—No.

3515. How many were there?—I think there were six or seven of them; but some of those bills have turned out to be genuine bills.

3516. Have any turned out not to be genuine?—Yes, I think 3000*l.*, which are marked with my initials at the left hand corner, are considered to be spurious bills.

3517. That was the only occasion on which you were present when inquiry was made at the Exchequer Bill Office on this subject?—Yes, I think that was the only time I was there. I had no occasion to make inquiry respecting any of my own; my own were bought and funded. I went down with Mr. Cooper one day: he went to the Exchequer Office, and I went on to the Chancellor of the Exchequer. I was not present at the examination, but in buying Exchequer Bills we never looked to the signature; we always looked at the character of the bill, as we never look at a signature to a bank-note.

3518. Would the Bank have lent the money to Mr. Secretan on the Exchequer Bills in November, 1839?—Not on the 14th; they lend money at the close of November or the beginning of December. I know there was one quarter when the Bank would not lend money on Exchequer Bills, in order to keep down the issue. The Bank would discount bills of exchange at any time for parties with whom they have an account; but they would not lend on Exchequer Bills, except during the shutting of the stocks.

3519. The interest the Bank took would tend to regulate the rate of interest taken by others?—It would on the same sort of securities; it would not fix the rate of interest on the transfer of stock, for instance.

3520. You refer to having put your initials on some Exchequer Bills of Mr. Hichens's: did you do that at the time of the examination?—Yes, I took them outof the hands of Mr. Hichens, and put my initials on the left hand corner (*four instruments, purporting to be Ex-*

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chequer Bills, Nos. 8304, 8305, *and* 8306, *of March,* 1841, *and No.* 7097, *of June,* 1841, *were shown to the Witness*).

3521. Are the bills now shown to you those to which you have referred, as examined in your presence at the Exchequer Bill Office?—Yes, the June Bill was examined in the lower office; they had not the counterfoil in the upper office; the others were examined in the upper office; they were all declared to be good bills. The Mr. Hichens, who was present at the Exchequer Bill Office, was the elder Mr. Hichens, Mr. Robert Hichens.

3522. Does anything further occur to you which can assist the Commissioners in their inquiry?—No. I feel it right to say that I should have purchased these Exchequer Bills to any amount, without any idea of forgery, from the general appearance of the bills. I should have taken them, and I have been acquainted with the Exchequer Bill market the whole of my life. I should have bought them without any hesitation, and funded them immediately. In purchasing Exchequer Bills we have looked a great deal to the stamp and the general appearance of the bill: being on the same paper and the same stamp, and the same number, the signature was never thought of, no more than the signature on a Bank of England note. It is impossible for us to know the signature, and particularly as it was not always the same signature. There are but three or four dealers in Exchequer Bills, and the bulk of the bills pass through their hands.

3523. Who are the dealers?—Charles Brown, John William Scott, and George Cooper.

3524. They are the only regular dealers in Exchequer Bills?—Yes, it has always been a very limited market.

3525. Would those be the persons who would be in the way of lending on Exchequer Bills?—No, they are generally engaged in the sale of Exchequer Bills, but not in loan transactions: the loans have been generally by the West End of the town bankers.

[*The Witness withdrew.*]

Samuel Gurney, Esq., having made his solemn affirmation, examined.

S. Gurney, Esq.

3526. You have not yourself been concerned with any of the Exchequer Bills contained in the schedule to the Act?—We are not claimants on any of them.

3527. Was any application made to you at any time before October last for a large loan on Exchequer Bills?—We frequently have applications, and at one time have made a loan on Exchequer Bills which we rather thought were in fact of a dubious character.

3528. To what extent was that?—20,000*l.* I think.

3529. To whom was that loan made?—We lent the money to a gentleman of the name of Edward Meyer.

3530. Were those bills redeemed?—They were.

3531. At what period was that?—We lent the money in the month of June last year, and it was repaid towards the middle of July.

3532. Was it lent for about a month?—Yes; from a month to six weeks.

3533. In October last Mr. Alsager made certain statements in the paper; had he any communication from you relative to those transactions?—He had information from our house.

3534. Have you any objection to state what was the information you communicated to him?—That we had suspicions that there were Exchequer Bills afloat in the market that were improperly there: we had no suspicion that they were forgeries.

3535. Was any application made to you by any party about that time for a loan at a rate of interest that excited your suspicion at all?—We had several applications to make loans on Exchequer Bills, but partly from our previous suspicions, and partly from the rate of interest, we thought it more prudent not to be implicated in them; at the same time we never apprehended that we should not get our money back, for we considered that we should be the *bonâ fide* holders of the Exchequer Bills, but did not consider it prudent to be mixed up with any transactions that were questionable.

3536. That, however available the security might be, there being suspicious circumstances connected with the possession of the document, you did not choose to be mixed up with it?—That was the case.

3537. You say, "partly from the rate of interest." In your experience of business you can generally tell what is the market rate of interest of the day, the rate at which money can be got on Government securities?—We of course know the state of the money market, but the rate of interest so varies upon the nature of each transaction, that we are hardly competent to say that a certain rate of interest in the particular transaction might not be right, and yet that on the very same day a higher rate of interest might not be right, and might not be correct.

3538. For particular purposes, and for particular transactions, most honestly a party may be willing to give a very high rate of interest if he cannot get money at a lower, but a man having undoubted security and wanting a sum of money may probably generally find out on the Stock Exchange persons who will lend him on the ordinary rate of the day?—Our firm will always lend money on good security at our price, if the security is to our minds.

3539. Would your price, ordinarily speaking, be regulated by any knowledge you might have of the necessity under which the party applying was to have the money; or would it be regulated by the market value of money at the time?—Our price would always be regulated by the market rate of money simply, and never by the necessity of the borrower.

3540. If a man comes with security apparently of undoubted value, and offers or shows himself ready to give a higher rate of interest than the market rate, would or would not that excite any suspicion in your mind?—It would put us on our guard.

3541. Do you recollect any particular person making a proposition to you besides that to which you have referred which excited suspicion in your mind with respect to Exchequer Bills?—I can only answer that in a general manner; more than one from the Stock Ex-

change came to our office to propose our lending them money on Exchequer Bill securities, and the offers they made to us were in themselves of a natural character, but we avoided entering into them, partly from the suspicions already raised in our minds, and partly not liking to deal with that particular class of men even upon a good security.

3542. Will you have the goodness to mention the names of the parties who so applied to you?—Edward Meyer, to whom I have referred, made a proposition to us; William Morgan made a proposition to us. I do not think I can bring to mind the names of other individuals, but once or twice in the course of a day the application would be made to us; perhaps the application might be made to us ten or twenty times in the month before the fraud was exposed.

3543. Supposing a man of whom you had no suspicion whatever takes a loan from you on Exchequer Bills at five per cent., being the market rate at the time, is it a common circumstance that such loan would be renewed from time to time so as to continue five or six months?—That does not very often occur.

3544. Are those loans generally from account to account?—Loans on stock are from account to account. I do not think loans on Exchequer Bills in the usual course are under the same arrangement.

3545. In what way are they generally made?—The general run of loans on Exchequer Bills is for short periods suiting the convenience of borrower and lender.

3546. Very often to be put an end to on a day's notice by either party?—The money is often lent for one day, a week, a fortnight, possibly a month.

3547. Are the loans so made originally, often renewed so as to extend beyond the month?—Not very often.

3548. If the interest at which a loan on Exchequer Bills is originally made is according to the rate of the day a high interest, would it be the practice on renewing such a loan to make a fresh bargain as to the rate of interest according to the varying rate of the day?—Certainly, if such loans existed, that would be the course they would take; but such loans are not very frequently made amongst us on that description of security.

3549. Have you, in the course of your business, had occasion to make loans to Francis De Berckem?—Never, I think.

3550. Or the Morgan's?—Not of late years.

3551. Your business is not on the Stock Exchange?—My business is quite distinct from the Stock Exchange; it is much more mercantile in its nature, that is to say, the securities we deal in are usually of a mercantile character.

3552. Were propositions made to you at different times for loans at a high rate of interest?—Propositions were made to us at a high rate of interest.

3553. By whom?—As I have stated before, this gentleman, Edward Meyer, to whom we made this one loan. Applications were made by William Morgan, and by many respectable people, who came to say that such a loan was to be had, if we chose to enter into it; that they were not, in fact, the borrowers, or intended to be the borrowers.

3554. Meyer and Morgan applied as borrowers?—Yes.

3555. What rate of interest was mentioned by them?—With respect to Edward Meyer, I think the rate of interest offered to us was five per cent.

3556. Do you refer to the transaction in which Meyer had a loan of 20,000*l.*?—Yes. With respect to William Morgan, I think our rejection of his offer was so decided we never entered into the question of interest; we are not tempted by the rate of interest; we either do it on the simple market-value, or decline.

3557. Was any proposition made to you at six per cent. interest?—It might have been made, but we should only look at the market value at the time.

3558. Might six per cent. be the market-rate at the time?—For short periods.

3559. For periods exceeding a month?—I think not.

3560. If loans were made on Exchequer Bills by the month, and renewed and continued outstanding for five or six months at a rate considerably exceeding that which Exchequer Bills bore, five per cent.—for instance, Exchequer Bills bearing three and a half—would that excite the suspicion of the person with whom the borrower was thus dealing?—To a person not intimately acquainted with the niceties of our money-market it might appear a singular transaction; it would not be every one who would be up to those niceties.

3561. Is it a circumstance which would excite notice in the mind of a man of ordinary prudence, who was dealing with a borrower of that description for a long time together?—It would excite notice with a few very sharp-eyed people, but whether it would excite notice with persons not constantly involved in that description of business, and rather easy in their habits of doing business, is, I think, very dubious.

3562. Supposing it were continued for some years?—I should make the same remark. It depends upon the experience of the individual who made the bargain; and it requires, I should say, a very high degree of experience and knowledge of the bearing and manner of dealing to be very readily struck with it.

3563. Would it not naturally lead to the consideration, that the money might be raised on cheaper terms by the sale of the Exchequer Bills?—That, of course, would be a reasoning of one's mind, without at once applying to the question.

3564. So far as that conclusion goes, is not that a consideration which might naturally occur to the mind of the lender?—It would naturally occur to the lender, I presume.

3565. Do you think that if you yourselves were in the situation of parties with whom such a course of dealing was carried on for some time, it would have led you to ask an explanation, or to stop the course of the transaction?—That was one ground, probably, why we called our money in in the case of the loan we made last year to Edward Meyer.

3566. Have the goodness to state more particularly the terms of that loan?—I believe it was lent at five per cent. from June to July.

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3567. Was there an application for a renewal?—There was.

3568. What passed upon that subject?—We simply declined it.

3569. What was your ground?—We did not explain to the borrower our ground. The ground would be that we presumed it was within the reach of possibility there might be a breach of trust in respect of those Exchequer Bills, and though we considered we might be legally entitled to hold them, we did not wish to have anything further to do with the transaction.

3570. That was before any rumour about Exchequer Bills?—Yes; at the same time there were two or three knowing men in the City who had their suspicions a little awakened.

3571. You say you had suspicions yourself that there were Exchequer Bills improperly in the market; was that at that time?—There was a very indefinite idea in our minds, not a matter to talk about, but a certain floating notion in our heads that there was something wrong, and we had better get clear of them.

3572. What circumstance had excited suspicion in your mind at that time?—Nothing but the character of the borrowers and the rate of interest; but it is not one man in fifty would have known the character of the borrower as we did, perhaps not one man in a hundred of even the bankers.

3573. Would the number of the transactions in the way of loan on Exchequer Bills have increased the suspicion?—We were not aware of the great number of transactions at that time.

3574. Who were the persons concerned in those transactions at the time?—We did not know them; we knew our own man, Edward Meyer, was the son of a partner in a very highly respectable mercantile house that failed some twenty years ago, and we had a personal friendship for this young man; he was a young man of respectable character and habits, but at the same time the circumstances in which he was placed would necessarily put us a little on our guard in dealing with him.

3575. It did not extend so far as to prevent your lending him the 20,000*l.* on the security of Exchequer Bills, but it had its weight in inducing you to decline renewing the loan?—It had.

3576. Did you happen to take the numbers of the Bills on which you lent him the money?—No; we never take the numbers of Exchequer Bills lodged with us as securities; it is a very rapid transaction with us.

3577. Are you aware whether Meyer, at the time you lent him the money, was depositing Exchequer Bills, or proposing for loans on Exchequer Bills, in other quarters?—We were not at the time aware of it; but it afterwards turned out that he was, and he behaved very honourably about it.

3578. When the loan was closed, in what way were you repaid?—We were repaid in bank notes.

3579. You have said that the rate of interest varies in every case very much according to the particular class of transactions; but with reference to each particular class of transactions there would be a market interest of the day?—Yes.

3580. It is by that you are regulated?—Yes; we have one market price in our office for every description of transaction every day.

3581. You have many different market rates according to the nature of the transaction?—Yes; but perhaps I may say, that the market rates of interest last autumn were very high, and ran up, I think that the market rate was as high as six per cent. for a time.

3582. Was that on Exchequer Bills?—On bills of exchange.

3583. Is it generally the same on both?—Not always, they are not regulated by the same causes.

3584. Would the rate of interest taken be higher where the loan is for a short period?—It would be higher for a short period under most circumstances; not under all.

3585. Have you on other occasions had dealings with Meyer alone?—I think none of late years.

3586. Is he a stock-broker?—He is a member of the Stock Exchange.

3587. Did a person of the name of Nathan ever make any application to you?—Never; but it frequently happened that a banker of the first standing would come to us during the last autumn and say, "An offer has been made to us to lend money on Exchequer Bills; it does not suit us to take it; will you take it?" In the usual course we look more to the Exchequer Bill than to the borrower; but we invariably decline them.

3588. Can you state from what period in 1841 the transactions became of that character?—Our suspicions were called forth by the whole character of this transaction with Edward Meyer, and the operation to which it led in our own firm, and with some few others in the City; but there are very few who have the same experience which we have, and it would be hardly fair to test others by the experience we have been gaining for thirty years.

3589. In your communications with Meyer, did you give him to understand, in a general way, that you did not wish to have any transaction on Exchequer Bills?—I cannot bear in my memory exactly what passed, but that would be the sort of hint we should give.

3590. Have you any reason to know whether Meyer acted upon that hint in any other transaction?—He went to another firm, of whom he had borrowed money on similar securities, and advised them to call in their money; and they did so in consequence.

3591. In giving that advice, it appeared that Meyer was making the loan for another person?—Completely; he was as perfectly fair in the transaction as we were.

[*The Witness withdrew.*]

Henry Currie, Esq., further examined.

Henry Currie, Esq.

3592. Do you wish to make any additions to your evidence?—There was one question which I was asked on the former occasion which requires further explanation. I was asked whether

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Mr. Mollett had mentioned the party on the Stock Exchange from whom he had got those bills? I did not recollect the name at that time; and I answered, after some hesitation, that it was from De Berckem. I remember now perfectly that he said at the time, that it was through the intervention of Mr. Scott, a Russia broker. He was introduced, and got them from De Berckem; not directly from De Berckem.

3593. Did he say that at the time of the transaction?—No, since; we never heard De Berckem's name at the time.

3594. You appeared, in your former evidence, to connect Mollett with De Berckem; but you now recollect that it was through the intervention of another person he had got them?—Yes.

[*The Witness withdrew.*]

Edward Wheeler Mills, Esq., sworn and examined.

E. W. Mills, Esq.

3595. You are a partner in the house of Glyn and Co.?—I am.

3596. Do you recollect in October last any application being made to you for a loan on Exchequer Bills?—I think it was on or about the 16th of October an application was made to our firm by a gentleman, with whom we are in the constant habit of dealing, to lend him 30,000*l.* on Exchequer Bills for three months, at the rate of six per cent. The person so making the application said, "It is not for myself, it is for another person; it is for a person of the name of Morgan:" on which I said, "If you want any money for yourself," (he being a person with whom we were constantly in the habit of dealing, a client of ours) "I will lend you what money you want, but I will not grant this application—I will not lend it as you propose." Upon which he said, "I have nothing to do with it myself; I give you the offer as it came to me; you do not lend it to me if you lend it; I have been offered a commission, and if it suits you, you are perfectly welcome to it." I declined it; and he said, "What answer shall I give?" and I said, "Why, say we do not lend money for three months; we do not want to lock up our money." Those were the terms as nearly as I recollect them.

3597. Have you any objection to give the name of the party who applied to you?—No, not at all; a gentleman of the name of Barber, a very respectable man, a very good client of ours. It is an irregular thing for a banker to lend money to persons with whom he is not in the habit of dealing. My expression to Mr. Barber was, "If you want money I will lend it to you at four per cent., you are perfectly welcome to it as being a client of the house."

3598. It is not usual for a banker to lend money to strangers?—No, a banker in the City does not seek investments in that way; he lends to his own clients, not with a view of seeking investments.

3599. A respectable banker is regulated as to his rate of interest by what is the market rate of interest at the time?—Yes.

3600. Is it usual to lend on Exchequer Bills for so long a term as three months?—I should certainly say by no means usual. I should say that every lender would be very much regulated by the rate of interest; so that if a person were to offer the same rate of interest the Exchequer Bill paid, there would be nothing extraordinary in the loan; but as there is an open market for Exchequer Bills, there is something at once at variance with the supposition that a man should be borrowing where the rate of interest is so different; if it was half per cent. it would be perfectly reasonable to say, "I will wait for the chance of the market;" but where the rate is such as to eat up the whole of the year's premium, it appears somewhat strange. My expression to him was this, "Why does he not sell them?" It certainly never did enter my head that they were forgeries; but what I did think was, that it was a misapplication of funds with which I would not be tainted.

3601. Mr. Barber told you that Morgan was the person on whose account he wanted it; had you had any dealings previously with Morgan?—No.

3602. On the 16th of October, the date of this application, had any rumours reached you of anything wrong in the Exchequer Bill market?—No, not at all. I do not take credit for knowing more than others, but I thought there must be something wrong; and whenever there is a suspicion, I say I will have nothing to do with it.

3603. Do you happen to know whether six per cent. was above the market rate of interest at that period on a short loan?—Yes, I should say considerably. I should say if a person had wanted money, it would have been reasonable to say, I will pay you five per cent. for two days. I should not have charged Mr. Barber above four per cent.,—four per cent. was the rate at which we were lending to brokers. Mr. Barber told me it was not his own matter, but that it was for Morgan he was doing it.

3604. Supposing that Exchequer Bills were in your hands as deposit for a loan, and the period of exchange came round, what is the course of business as to taking in those bills for exchange?—We should take no notice of them. The only bills we should take notice of were those left on deposit, not for loan,—for those we are answerable for getting them exchanged, but with regard to those on a loan certainly we do not consider ourselves responsible. If we were to see them, we should send to the individual and say, "Perhaps you have not seen the advertisement;" or if we had lent to a person abroad, or out of the way, we should do it as a piece of civility to him to save the premium, but it would not be a matter of course. The loan would not be looked to; after the security was seen to be right, the onus would lie upon the individual.

3605. If a person came to take them away for the purpose of being exchanged, he must deposit other securities with you?—Certainly; we are liable for the premium on the Exchequer Bills deposited with us if we do not exchange them. They were left with us to do the needful, just the same as presenting bills.

[*The Witness withdrew.*]

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Mr. Isaac Mollett. 2nd June, 1842.

Mr. *Isaac Mollett* sworn and examined.

3606. You are a brother of Mr. John Mollett?—I am.

3607. Are you clerk to him?—I am.

3608. Do you remember at any time going by his desire to inquire of Mr. Simonds relative to the exchange of certain bills which had been deposited as a loan with Messrs. Currie?—Yes, I went over.

3609. Will you state what occasioned your going over, and what passed?—I cannot recollect the date; it was in June, the commencement of June.

3610. It was a little before the time of exchange?—Yes, some days before the exchange. My brother William came over to my brother John's counting-house one evening, and he said, Curries were sending up their bills to be exchanged, and he wished to know whether he should send up those my brother John deposited with Curries. I do not know what my brother John said, but he desired me to call on Mr. Simonds about them; and I went, I think, the next day to Mr. Simonds's office, and saw Mr. Simonds's clerk, Mr. Wilkins, and asked him. He said nothing had been said to him about them, but he would inquire; and afterwards Mr. Wilkins called at my brother John's office, and said Curries need not trouble themselves to send the bills up, for that their party would change them themselves. I told that to my brother William at Curries, and some days afterwards Mr. Wilkins brought other bills to the office, which I took to Curries, and got the others back, and gave to Mr. Wilkins. I did not see Mr. Simonds at all; I do not know whether he was out of town.

3611. Had you known Mr. Wilkins as the clerk of Mr. Simonds?—Yes, for some years.

3612. Have you taken the numbers of the bills you took in, or those which were returned?—No, I took them at once from Mr. Wilkins's hand to Curries, and returned the others.

3613. You do not know anything further about the bills?—No.

3614. Do you recollect how long it was after your application to Simonds that Wilkins called with the bills?—I really cannot say; I know it was several days.

3615. Was not it some weeks?—It might be a fortnight, I should think.

[*The Witness withdrew.*]

Mr. *Robert Mollett* sworn and examined.

Robert Mollett.

3616. You are a brother of Mr. John Mollett?—I am.

3617. Are you clerk to him?—I am.

3618. Do you remember anything about a loan made to Mr. Simonds by your brother?—Yes.

3619. State what you know about it?—He applied to us; that he could get us some Exchequer bills if we had money to spare; and on the 14th of January he had 4000*l.*; on the 15th, 4000*l.*; and on the 21st, 5000*l.*: making altogether 13,000*l.*, for which he deposited 13 Exchequer Bills.

3620. Did he apply to your brother to lay out the money for him?—Knowing we had money, he took the money of us and deposited the Exchequer Bills, as we wished to make use of the money.

3621. Was that money of Steiglitz's house?—Yes, money received for tallow.

3622. How long did the loan continue?—The loan on the 14th and 15th was made for a fortnight, at the time I made the arrangement with Mr. Simonds, then my brother and Mr. Simonds were to settle it: my brother was ill at the time. At the end of the fortnight there was an arrangement that it was to be continued for some time.

3623. Do you recollect when your brother called that in?—No.

3624. Did that transaction, as to the transfer to Messrs. Currie, pass through you?—No.

3625. You say the loan was for a fortnight, at what rate of interest?—The interest was a question to be left between my brother and Mr. Simonds on his return to the City.

3626. The loan was afterwards continued?—It was five and a half per cent., I think, my brother arranged it for the fortnight; then subsequently I heard it was all continued at five per cent.

3627. Was that the market rate of interest at the time?—Yes, I believe it was; it was a short loan, only for a fortnight.

[*The Witness withdrew.*]

Mr. *William May Simonds* sworn and examined.

Mr. W. M. Simonds.

3628. What is your business?—A Russia broker.

3629. In January, 1841, do you recollect taking any loan from Mr. John Mollett?—Yes, I was applied to by Mr. De Berckem at that time, to know if any of my friends in the Russia trade were willing to lend money on Exchequer Bills; this was at the Baltic Coffeehouse, where the Russia trade is carried on. I, knowing that Mr. Mollett had frequently money at his disposal, asked him whether he would do so, and he said Yes.

3630. Was the loan then made?—Yes.

3631. What were the terms?—There were no terms fixed; the interest of the money was to be left till his brother came from the country somewhere; that he would leave that to me.

3632. You were to settle that with Mr. John Mollett?—Yes.

3633. When that was ultimately fixed, what was the rate of interest?—Five per cent.

3634. What were the terms on which it was lent?—For a fortnight.

3635. It was afterwards renewed?—Yes, but with the understanding that whenever the money was wanted it should be returned.

3636. When did Mr. Mollett call for it?—I cannot recollect, for I think he called for it once or twice, and then found he should not want the money, and let it stand over again.

3637. When he did call for it, was it afterwards transferred to another party?—I was merely a broker in this transaction, and the parties became immediately acquainted with each other as principals; and therefore I did not trouble my head any more about it; and in that way I believe some further time was given without my knowledge. I merely took the cheques of one party and handed over the identical cheques to the other, and handed over the Exchequer Bills.

3638. How soon did Mr. Mollett become aware that the Exchequer Bills belonged to De Berckem, and that the loan was for him?—The same hour, I should say, when the loan was made; I should think, but I cannot speak positively to that.

3639. Had you any communication afterwards with Mollett with respect to the taking up the Exchequer Bills to be exchanged?—Yes; I had a communication from Mr. Mollett that they were about to be due, and whether he should send them up for the exchange.

3640. Was the inquiry whether he or Currie should send them up?—I did not know anything about Currie's.

3641. What answer did you send him?—That I would let him know. I applied to De Berckem, whom I was in the habit of meeting every quarter of an hour in the day, belonging to the same coffee-house.

3642. You say that Mollett was quite aware that De Berckem was the borrower. Why did he not apply to him?—Only because I had arranged the matter with him, and that I was more in the habit of communication with De Berckem, and saw both of them many times a-day.

3643. What did De Berckem say?—De Berckem said he had some other bills by him which he would give in exchange.

3644. Did he do so?—Shortly afterwards.

3645. What did you do with them?—I gave them immediately to Mr. Mollett.

3646. Which of the Mollett's?—I cannot say; nor can I recollect at this distance of time whether I gave them personally to him.

3647. What is your clerk's name?—Wilkins.

3648. Do you recollect whether you saw Robert Mollett upon it, or whether the communication was between Robert Mollett and Wilkins?—That I do not recollect.

3649. You know that, in point of fact, De Berckem handed over to you or to your clerk some Exchequer Bills, and that they were handed over to Mr. Mollett?—Yes.

3650. Can you state the numbers of the Exchequer Bills which passed through your hands?—No.

3651. You say that you saw Mr. De Berckem every quarter of an hour. Had you, before this transaction, lent him money on Exchequer Bills?—About the same time I lent some money for a short period on the deposit of Exchequer Bills, which was paid off.

3652. Had you any conversation with De Berckem? Did he at all explain why he wished to borrow at so large an interest?—I understood he had a large speculation in Spanish stock, and as the interest on Spanish stock was ten or fifteen per cent., it was much more profitable to him to raise money on Exchequer Bills and pay for his Spanish stock, than continue his Spanish stock in the house and pay interest.

3653. Did he explain to you how it could answer to give five per cent. on Exchequer Bills rather than sell them?—That is frequently done for a short period; the expense of selling and purchasing again is greater.

3654. He wanted the money?—Probably his purchase of Spanish stock might be only for a short period.

3655. Do you recollect how long this loan was outstanding altogether?—They were left ultimately in Mr. Mollett's hands when the discovery took place.

3656. They were outstanding in the hands of Mollett or his banker for that period?—Yes; but then I believe they were continued between Mr. Mollett and Mr. De Berckem without any intervention on my part.

3657. Do you recollect what was the last transaction you had in the matter?—I had no further communication in the transaction.

3658. What passed afterwards must have passed between Mollett and De Berckem, and not with you?—No; except when the rumour began, and a doubt was thrown on the validity of Exchequer Bills. Mr Mollett came to me, naturally, in great alarm, and said there were such rumours afloat. I went immediately to Mr. De Berckem, and insisted on the money that was invested; and, being connected with other transactions, he swore all the sacred oaths that were possible that they were not forgeries, for we had heard that they were forgeries, and that it was merely the envy of some gentleman who wanted to get his business from him, and who had spread the reports.

3659. Can you state the day when that occurred?—No; it was when the thing became notorious. We had heard that other parties had got similar Exchequer Bills, and, among others, that Mr. Maubert had, and that he had been up to the Treasury. I went with Mr. Mollett to Mr. Maubert, and he tranquillized us by saying, "So far I can tell you that they are not forgeries, but there has been a mal issue."

3660. Did that refer to any particular bill?—No; but that he had been up with some of the suspected bills. On our again urging Mr. De Berckem to give us the money, he said, "Go and sell them; I cannot get the money, there is such a noise; go and do what you like; sell them."

3661. Was this after the 21st of October?—I do not recollect the date.

3662. When you began to be alarmed, and went to speak to him, and he protested so solemnly that they were not forgeries, had you suggested that they were forgeries?—I mentioned all the rumours I had heard, that they were forgeries, or a breach of trust, or something. Mr. Mollett was naturally uneasy; and I said, "You can have the Exchequer Bills; give us our money back."

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3663. Had you personally anything more to do with the affair?—Not at all.

3664. Did you receive any commission from De Berckem on this transaction?—I was to get a brokerage in the shape of the difference of interest, with the knowledge and consent of both parties. That was my sole remuneration.

3665. What difference of interest?—I was to get five and a half, and allow five.

3666. Was it five and a half after the first fortnight, as between borrower and lender?—As between the borrower and the lender I think it was five, but then I charged Mr. De Berckem five and a half.

3667. Was it always five per cent., or was there a different rate of interest afterwards?—There was no alteration afterwards. I think some of it was five and a half to Mr. Mollett originally, then I received six. But perhaps I may be allowed to explain that at the time I was charging Mr. De Berckem six—he said I might charge him six—I was giving six, seven, and eight on railway shares, and so on.

3668. Was the loan effected by you with Mollett as a loan to you or to Mr. De Berckem?—I was merely the broker, and handed over the check to one party, and to the other, so as to make De Berckem the borrower.

3669. Is that usual; or is it usual to conceal the name of the principal in such a transaction?—There is no object to conceal.

3670. Do you mean to say it is not usual for persons dealing, as you then were, to keep back the name of the principal?—I cannot say, really; I have had very little to do with Exchequer bills.

3671. You are a Russian broker?—Yes.

3672. In this affair you acted as a money-broker?—Yes.

3673. When a person acts as a money-broker, is it usual to give the name of the principal?—I really cannot say, indeed. I do not think I named the principal in the first instance. The parties almost immediately became aware who was the lender, and who the borrower.

3674. Are you sure you ever mentioned it?—I am sure I did; but perhaps not at the time.

3675. This communication on the subject of the exchange of the bills took place in June, the loan being in January?—Yes.

3676. At that time, in June, did Mollett know that De Berckem was the borrower and the owner of the bills?—I have no doubt of that,

3677. Then why did not he go to De Berckem, and not to you?—Because he was more in the habit of seeing me. The transaction being through me, it was more natural he should come to me.

3678. Was the first renewal effected by you or by Mr. De Berckem?—I think it all went through me, the first renewal; but I cannot say.

3679. Have you received a half per cent. on the renewal?—No; the account has never been settled.

3680. Have you charged nothing?—I think I have charged Mr. De Berckem up to the middle of August. When I say I charged it, Mr. De Berckem sent it in to me spontaneously. He paid the interest at five and a half per cent. to the middle of August.

3681. Are there any entries in your books relative to this transaction?—There is no entry whatever.

3682. Have you the date when he paid the interest?—Yes. I was rather surprised that he should send in the interest, as the Exchequer Bills carried interest. I received this memorandum (*producing the same*).

The same was read as follows:—

"From 26 April to 16 August, £13,000 at five and a half per cent."

3683. Do you know in whose handwriting that paper is?—It came from his office; I cannot say in whose handwriting.

3684. Did you pay over five per cent. to Mr. Mollett?—No, for I had an account with Mr. Mollett, and the thing was running on.

3685. When you received the inquiry about taking up the bills to be exchanged, you say you applied to Mr. De Berckem; what passed between you and Mr. De Berckem on that occasion?—I said, "What shall I do about those Exchequer Bills? Shall I send them up?" He said, "Oh, I will not give you the trouble. I have some others which are not become due, and I will send and exchange them."

3686. That did not occur to you as singular?—No; I wish it had occurred.

3687. It did not strike you as an unusual circumstance that the party did not send them in to be exchanged?—No; not situated as we were: I would not have taken the trouble.

3688. Did it appear to you an unusual circumstance that De Berckem should decline sending in those bills?—He said, "To save you trouble, I will give you other bills."

3689. What did he say about sending in those other bills to be exchanged?—He said nothing. If it had appeared to me singular, I should have taken them up myself immediately.

3690. It did not appear to you singular that he should have given no directions to take up his bills to be exchanged?—Not at all. I was on that footing with him, that if he had said, "I wish you would take them up," I should have said, "You are giving me a great deal of trouble; I wish you would do it yourself."

3691. Do you know when he took back the bills he originally deposited?—No, I do not know; I understand he gave others, and got the originals back.

3692. What do you know about his getting the originals back?—The moment he gave the others the original bills would be given back, of course.

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3693. Did you see him?—No, my clerk may have seen him.

3694. Do you recollect anything about his getting the original bills back?—No, not to speak positively to it.

3695. You say you had had transactions with De Berckem about the same time; had you had any before that time?—No, I had not.

3696. You had never recommended him, or introduced him?—As a stock-broker, perhaps, I might; but I do not recollect such a circumstance.

3697. Did you ever recommend him for obtaining a loan of money on Exchequer Bills?—Never, that I am aware of.

3698. Do you know Bennison and Lennard?—Yes.

3699. And Heseltine?—By name.

3700. Did you ever recommend him, or introduce him to them, or either of them?—No, I should not think it likely.

3701. The only transactions you had previously had with De Berckem were about the same time when you lent out money on Exchequer Bills for short periods, which were paid off?—Yes.

3702. Was it in the ordinary course of your transactions as a Russia broker to obtain loans of money on such securities?—No; he said to me one day casually, "Have you any friends in the Russia trade who have money to lend on Exchequer Bills?" and in five minutes it was done. Mr. De Berckem is a member of the Baltic Coffee-House, which is my place of trade, and it was natural therefore that he should speak to me.

3703. You said that the first renewal was transacted by you; was the second transacted by you also?—I think most likely.

3704. The third?—It is impossible I can say. I do not know how often they were renewed. I recollect that once or twice the money was called in, and that then, before the actual payment, it was allowed to run on again.

3705. Can you give the date when it was actually called in?—No; not being personally interested in the thing, I really cannot recollect.

3706. Have you any entry in your books of the sums you have carried to the account of Mr. Mollett for interest?—No; I have not made out any interest with him.

3707. So that you have received the interest yourself to the 16th of August; but you have not at present paid any?—No; I have not.

3708. Mr. De Berckem did not give you any interest since August?—He has not; and it was not in consequence of any communication from me, for I should not have looked for it till the transaction had closed.

3709. Since the discovery of the fraud, has any demand been made upon you, either by Mr. Mollett or Mr. De Berckem?—No. Mr. Mollett knows that I was only the broker in the transaction, and that I had nothing to do with it. With respect to the difference of interest, that was with the cognizance of both parties that the consideration for the brokerage should be in that shape; and where a broker is only a broker in the transaction, I think there is no liability.

3710. In point of fact, Mr. Mollett has not made a demand upon you?—No; I think he looks upon it in that light, knowing me only to be the broker in the transaction.

3711. Mr. Bennison states, that he originally became acquainted with De Berckem through your introduction on a Saturday, when money was very scarce in the Stock Exchange; that you asked him to let De Berckem have money on Exchequer Bills; does that bring the circumstance to your recollection?—I have not the least recollection of it; but if it passed, it certainly was not as matter of business. They are both members of the same room, and met daily; but it was not likely that, both being brokers, I should get any money out of it. I might perhaps, say, "If you can do anything, do it;" but it was not at all likely that, being both brokers, a third broker could get anything out of it; nor was I ever aware that Mr. Bennison had lent Mr. De Berckem any money.

3712. You have no recollection of the fact, but you will not undertake to say it did not occur?—No I will not undertake to say it did not occur; but I am quite sure I was never aware of any loan having taken place between them. Whatever passed must have been done between them without my privity.

[*The Witness withdrew.*]

Adjourned till to-morrow, at 11 *o'clock.*

FRIDAY, 3rd June, 1842.

The EARL of DEVON in the Chair.

Mr. *Henry Darvill* sworn and examined.

Mr. H. Darvill.
3rd June, 1842.

3713. What is your profession?—I am a solicitor at Windsor.

3714. Your name appears in the schedule to the Act of Parliament, in connexion with Exchequer Bills Nos. 7076 and 7082; are you in possession of those bills?—I am—(*producing the same*)—they have my initials upon them; I wrote to Lord Monteagle, and received an answer; I have the correspondence with me, which I will produce.

(*The Exchequer Bills were delivered in.*)

3715. Will you explain the nature of your connexion with those bills?—I was concerned for Mr. Zachary Nash, who is a brother-in-law of mine, and who has lately graduated at

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Cambridge, and is studying the law. I sold an estate for him in the Vale of Aylesbury; he had two estates there; one he sold for 3400*l*. On the 15th of October last he and I came up to London to settle the purchase, and to receive the purchase-money from the solicitor of the purchaser. Mr. Nash then anticipated that in the course of about three months he would have to lend to a gentleman 2000*l*. upon a mortgage of some real estates in the county of Berks; he was anxious not to buy the money into the funds, lest they should fall, and he should suffer loss by selling out. I said, "Well, I have transacted business with the London Joint-Stock Bank, perhaps we had better go there, and see whether you can lodge the money with them for a short period." We went, and saw the manager of the London Joint-Stock Bank, and he said, for three months they would not give him more than three and a half per cent., or something of that kind; they could not enter into an arrangement satisfactory. I said, "You had better go to my broker, and see whether he can recommend anything which will be safe." We then went to Mr. J. W. Scott, of No. 3, Bartholomew-lane, with whom I had done business for some four or five years past, and asked him what he should recommend in the shape of a security for three months for those 2000*l*., as we should want the money in that time, and did not want to lose by any fall in the funds. Mr. Scott said, "Why, we are doing business every day on the deposit of Exchequer Bills, and you cannot have a better security than that, for they are Government security." Mr. Nash said, "What per centage do they pay?" "Why," he said, "I dare say we can get it done at four and a half per cent. for three months." I said to Mr. Nash, "What do you think of that?" He said, "Well, I think it is satisfactory, and perhaps Mr. Scott had better do that." Mr. Scott said, "If you will sit down for about a quarter of an hour, or half an hour, I dare say I can get you some bills; I will go upon the market and see." We waited, I suppose, about a quarter of an hour; he returned, and said, "Well, I have got you two bills at three months, at four and a half per cent." Mr. Nash said, "Very well." I then said to Mr. Scott, "But, supposing Mr. Nash should want the money before the three months are expired, can he have it?" He said, "Oh, yes; if you bring them up to me you can have it at any time, for the thing is negociable in the market." Mr. Scott then made out a memorandum, which he gave with the bills. This is the memorandum—(*producing the same*).

The same was read as follows:—

"Borrowed of Z. Nash, Esq., 2000*l*. sterling, on Exchequer Bills, as security.

No. 7076 } 2/1000—16 June.
7082 }

"At 4½ per cent., for 3 months from this date.

"London, 15th October, 1841.

"J. W. Scott."

Mr. *Darvill*.—I had myself never transacted any business whatever in connexion with Exchequer Bills, and when the Exchequer Bills were brought in I said to Mr. Scott, "Oh, those are Exchequer Bills, are they?" He said, "Yes, we know them anywhere by the peculiarity of the paper." I said, "Those are very simple documents, remarkably simple documents for so large an amount:" but he said, "Yes, we have them every day; we know them even by the feel of them."

3716. Had anything previously been said on the subject of genuineness?—What I said was, "Well now, how am I to know that this is an Exchequer Bill? I do not know what Exchequer Bills are." He said, "We have these every day in the market: the paper is made in the Exchequer Office, and it is a peculiar kind of paper." It appeared to have no kind of complexity about it, to secure so large an amount. He said, "Oh, there is a peculiar seal to it, and the water-mark of the 'Exchequer' upon it." I said, "Oh, I see exactly; I did not observe that at first."

3717. Did anything further pass about the point of genuineness to elicit that remark?—No; it happened to arise on my seeing so large an amount on so simple a document. I said, "It is a very simple document:" he said, "Yes, they are very simple; but the paper is peculiar for Exchequer Bills, there is a water-mark and seal, and so on." Mr. Nash gave out of his own pocket two 1000*l*. notes, and gave them to Mr. Scott, having received them that morning from the purchaser of the estate.

3718. Was the name of the party to whom the bills belonged mentioned?—No; Mr. Scott said, "I borrow the money in this way; I get half per cent. commission by the transaction." I said, "Have we anything to pay you?" that was my observation. He said, "No; you will not have to pay me anything, because I receive five per cent., and you receive four and a half per cent.; and on three months that will come to half-a-crown per 100*l*., which is my commission on the business."

3719. The name of his party was not mentioned?—No; I heard no name but his own. He gave the memorandum in his own name. When the Government advertisement appeared for bringing in the bills to be examined, I consulted with many friends. Some friends recommended the taking them in, and others not; and, on the whole, I thought it not advisable to take them in, inasmuch as at the period we considered them as genuine bills; and Mr. Scott then considered them as genuine bills, having conceived that the June bills were not tainted.

3720. Did you see Mr. Scott on the subject?—Immediately on the disturbance about Exchequer Bills, I became alarmed, and I went to him and said, "I understand there is a disturbance about Exchequer Bills; I hope ours are not wrong." He said, "No; I hope they are not wrong. I understand that none of the June issue are wrong."

3721. Can you recollect the date of that conversation?—No; I cannot.

3722. How long was it previous to the Government notice to bring in bills to be examined?—I cannot remember the date of the month.

3723. Have you stated the whole which passed with him upon that occasion?—Yes; I saw Mr. Scott several times after that, for I became alarmed.

3724. In that conversation did he mention the name of the person from whom he had got the bills?—No; he did not; but he did in a subsequent conversation.

3725. After that conversation, what next happened in the course of events?—I called on Mr. Scott again; for when I came up to London on business, I called upon him, feeling an anxiety about those bills; and I said to him, "Have you heard anything more about the Exchequer Bills?" "Why," said he, "do you know that I find now that it is said that some of the June issue are tainted with suspicion."

3726. Was this after the Government notice?—Yes; I should think about that time; but I cannot exactly say when publicity was given to De Berckem and other parties being mixed up with them. I said, "From whom did you have the bills?" He said, "I had them from De Berckem." I said, "What! the De Berckem who is referred to in the papers?" He said, "Yes." I said, "That is an extremely awkward affair: do you think they are good bills?" He said, "Really I begin to think that there is some suspicion about them; but I do not know, indeed." He seemed exceedingly annoyed about it. He said, "De Berckem is a very respectable man; I have often had transactions with De Berckem, and have always found him correct; but he appears to have been mixed up with Rapallo and the rest of them." I said, "It is a very awkward thing for my client;" but I said, "you are security to us for the money; you must pay us; we know nothing about Mr. De Berckem." He said, "I know I am liable to you, and I assure you I should never have made myself responsible for 2000*l.*, if I had not believed in the genuineness of the documents, for half-a-crown. I am hurt beyond measure at the circumstance." He seemed extremely hurt that I and my client, who employed him, should have been brought into any trouble on account of his having acted for us.

3727. What next took place?—He seemed not able to give me any directions as to the course I should pursue. I acted on my own responsibility, and determined, after consulting with my friends, feeling very anxious for my brother-in-law, that I would write to Lord Monteagle, but hold the bills, because I believed them, at the time, to be genuine bills.

3728. Why did you believe them to be genuine bills at that time?—We had talked about those bills, and he said, "Do you know Sir James Shaw has a very large amount—I think 40,000*l.*, they are much the same as your bills; and several of them Mr. Perceval had looked at, and he could not tell whether they were good or bad, and that the Commercial Bank had sent up bills and they had been pronounced good, and afterwards that they had been pronounced bad;" and he said, "really no one knows how it is." I said, "Well, ours may be genuine bills after all; therefore we had better keep them."

3729. Did he say whether Sir James Shaw had sent up his bills to be examined?—I cannot recollect precisely, but I know that he said that Mr. Perceval had seen some, and could not tell whether they were good or bad. I said, "Perhaps we may as well keep the bills, and write to Lord Monteagle and ask his advice. We have come fairly by the bills, and it is an exceedingly hard thing." He said, "It is an extremely annoying case to me; I feel very much distressed about it."

3730. Did he express an opinion as to your sending them?—He said, "I really do not know what to advise you to do." I then wrote to Lord Monteagle the letter I have produced; the copies of my letters are made by my clerk. To my first letter I received no answer from Lord Monteagle; and I wrote a second letter to his lordship, to which I received an answer (*producing the same*).

The letters were read as follows:—

"*To the Right Honourable Lord Monteagle.*

"My Lord,

"I have the honour of informing your Lordship that my client, Zachariah Nash, Esq., of Upton Lea, in the county of Bucks, is the present holder of two Exchequer Bills for 1,000*l.* each, dated respectively the 16th day of June last, and numbered 7076 and 7082.

"The bills in question would have been handed over to your Lordship, had not my client been advised for the present to retain them in his own custody.

"I think it necessary to state concisely to your Lordship the manner in which my client became possessed of the bills.

"On the 15th of October last he sold an estate belonging to him in the Vale of Aylesbury, and received for it 3400*l.* After investing 1400*l.* on security, on the same day he proceeded to his broker, Mr. J. W. Scott, of 3, Bartholomew-lane, and asked him what was the best security in which he could invest the 2000*l.*, as he thought in a short time he should want the money again to lend out upon mortgage. Mr. Scott said he thought he could not do better than lend his money on Exchequer Bills for three months at 4½ per cent. interest, which Mr. Nash then determined to do, and requested Mr. Scott to obtain some Exchequer Bills for him. Mr. Scott said that in the course of half an hour he thought he might be able to get them, and then went to the Stock Exchange to obtain them. Mr. Nash then waited with myself, and in about half an hour Mr. Scott returned and said he had obtained two Exchequer Bills, and he then took 2000*l.* of my client (in two 1000*l.* Bank of England notes), and handed over the before-mentioned bills, with a memorandum signed by himself, stating that he had borrowed 2000*l.* on the Exchequer Bills for three months at 4½ per cent. interest. I then said to Mr. Scott, 'Suppose my client should want to invest his 2000*l.* on mortgage before the three months are expired, can he obtain his money?' to which Mr. S. replied, 'If he would bring him the bills at any time, he could immediately let him have the money.'

"From what I have stated your Lordship will perceive that my client is the *bonâ fide*

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holder of the bills I have named, and that the transactions respecting them was in every respect honourable and straightforward.

"I have thought it necessary that your Lordship should be put in possession of all the above facts, to prevent even a shadow of suspicion arising from the bills not being handed over, as requested in your Lordship's notice.

"My client will have no objection to attend and produce his bills for inspection, if he can be assured of their being immediately afterwards returned to him.

"I have, &c.

"Windsor, November 8, 1841. HENRY DARVILL."

"SIR, "Exchequer, 9th Jan., 1842.

"I HAVE received your letter of the 8th inst., referring to a previous letter of the 8th of November, to which you had not received any reply. That letter did not appear to me to require any, as it only stated that your client had been advised, for the present, to retain certain Exchequer Bills in his own custody, and only to produce them for inspection, if assured that they would be immediately returned to him. This assurance I could not give, for acting under the authority of the Treasury I should have retained these and all other Exchequer Bills, if found to be counterfeit and forged. The account which you gave me of the manner in which these bills came into your client's possession had no relation whatever to the duties with which I was charged. But though I could not comply with your request, I forwarded a copy of your letter to the Chancellor of the Exchequer for his information. You now ask whether the non-presentation of the bills will be hereafter an obstacle to your client. I am unable to answer this enquiry. You further ask whether I will now permit the bills to be presented and examined at the Exchequer. For a month after your application your client had a full opportunity of presenting his bills for examination. Of this opportunity the owners of Exchequer Bills, to the value of 19,000,000*l.*, availed themselves. He declined, or neglected doing so; he has therefore excluded himself from the benefits of that examination, which is now closed.

"I am sir, your very obedient servant,

(Signed) "MONTEAGLE,

"Henry Darvill, Esq., Windsor." "Comptroller-General."

Mr. *Darvill.*—One reason for not carrying them in for examination was, because we always apprehended the bills might be good bills, or were good bills. There were a great many theories a-float, and we heard about counterfoils. Every man wishes to look at his matters in the most favourable light. I suggested, "It is very possible that the genuine counterfoil may have been destroyed, and that ours may be the genuine bills after all, and if the bills should be sent in, and if the checks applied are the counterfoils now kept, it is possible they may be declared bad bills, while others had got into circulation improperly."

3731. Did you ever hear that there were good bills corresponding with the counterfoils?—No; I never heard that till I saw it in the Act. I called at the Exchequer Office to request that the bills might be examined, but they declined.

3732. Was that after Lord Monteagle's letter?—Yes, and Mr. Nash did the same.

3733. Was your belief of the genuineness founded on what Scott had said to you about Sir James Shaw's bills?—My belief of the genuineness arose from a comparison of the statements I had heard from several persons, and seen in the 'Times' and other papers. Having those Exchequer Bills, I used to read everything I saw upon the subject, and read pamphlets on the subject, and felt strongly convinced in my own mind that these were genuine bills.

3734. On what was that conviction founded?—Only on a presumption; I believed that they were, from reading those different books, and hearing the statements I did from individuals.

3735. Are you quite certain that no suggestion had been made to you at any time by John Wray Scott that it would be better not to send in those bills, or that he expressed no opinion upon that subject?—He said something of this kind from time to time: "Some gentlemen have sent in their bills, and some have not sent in their bills: I really do not know which course to advise you to take; I do not think it will make any difference whether they are sent in or not."

3736. Then the course you adopted in not sending them in was not founded on any recommendation Scott had given you on the subject?—No it was not.

3737. Had you at any time intercourse with De Berckem himself?—Never; I never saw De Berckem.

3738. The determination not to send in the bills was the result of your own conviction and judgment, and not founded on the suggestion of Mr. Scott?—Not in the least. I consulted Mr. Amory and other friends in the City: I said, "I am determined, after all, I will send them in, and I will write to Lord Monteagle, requesting him to examine them."

3739. Had you been advised by any party not to take that course?—Yes, I was advised by Mr. Amory, who was concerned for the Commercial Bank and other most respectable individuals.

Mr. *Zachary Nash* sworn and examined.

Mr. Z. Nash.

3740. Some time in October last you sold a small property in Buckinghamshire?—I did.

3741. Had you occasion to lay out 2000*l.* of the purchase money received for that property?—I had.

3742. Who is your solicitor?—Mr. Darvill, of Windsor.

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3743. Will you state what passed relative to laying out that 2000*l.*?—It was on the 15th of October; we had settled the purchase in the morning at Gray's Inn, and after the money had been paid, I thought I would invest it that day, not being often in London; and I went to Mr. Scott, Mr. Darvill being with me. I never had occasion to employ a broker before, and I employed his broker. We consulted with him as to the best way of investing it: he said, "If you can get some Exchequer Bills, that will be a very good way of investing it," telling us the rate of interest they brought. I said, "Well, I should like to have some Exchequer Bills if you can get them." He said, "There was some doubt about it; he did not know that he could, but he would try." He went out and returned in about twenty minutes or half an hour, and brought two bills, for which I paid 2000*l.*, in two notes of 1000*l.* each.

3744. Did you give your notes to Scott?—I did.

3745. What became of the Exchequer Bills; were they handed to you?—Yes, I took them myself.

3746. State as nearly as you can any observations which passed either from Mr. Scott or Mr. Darvill about Exchequer Bills?—Neither I nor Mr. Darvill had ever seen an Exchequer Bill before; and Mr. Darvill asked him how it was that in lending on those bills we were to receive a higher rate of interest than the person who passed them on to us received.

3747. How did you know that was to be the case?—Because of the rate of interest the bills carried: we were to receive four and a half.

3748. How, you were to receive a higher rate of interest than the bills bore?—Yes, he explained it; I forgot exactly how, but it appeared satisfactory to my mind at the time.

3749. Were any observations made about the instrument itself?—I looked at the bill itself, not having any question about its being a good or a bad one.

3750. Do you recollect an observation being made by Mr. Darvill about its being an instrument of a simple form?—There might have been, but I do not recollect it; Mr. Scott said he had them continually passing through his hands.

3751. Was anything said by Scott to give you any intimation from whom the Exchequer Bills came, and who was borrowing the money?—I forget whether he mentioned the name of the person from whom he had them, but I should not have noticed it at all if he had. He said at the time that there might be some difficulty in getting them; that he did not know whether he could or not; and during the time he was gone we waited in his office.

3752. Did he at all explain to you what the nature of the transaction was, whether he was buying the Exchequer Bills, or merely taking them by way of security for a loan?—By way of security; it was to be only for three months. I said, "I do not know whether I shall want to let them have my money longer than three months." He said, "If you should be so inclined, perhaps the person will let you have them longer."

3753. The rate of interest you were to receive was four and a half?—Yes; he was to have a half per cent. for himself.

3754. As you understood, the borrower was to pay five per cent. for three months, and possibly for a longer period?—Yes.

3755. Had you occasion to see Mr. Scott after some suspicion had arisen about Exchequer Bills?—Yes, I called on him two or three times to know how the matter stood.

3756. Was Mr. Darvill with you upon these occasions?—I believe I met Mr. Darvill once accidentally in his office, but nothing particular occurred that I can remember. I had had them but five days before the bubble burst.

3757. Did Mr. Scott at any time in your hearing express an opinion what it would be expedient to do with those bills, and whether they ought to be carried into the Government office?—I think he recommended that we should not send them up; and the newspapers, and almost every one I spoke to, recommended that we should not send them up. I was inclined to send them up, but Mr. Darvill and others recommended to me not to do so. I thought it would relieve my mind to know whether they were good or bad.

3758. Do you recollect whether Mr. Scott gave you that advice?—That was my impression; but I am not at all certain.

3759. You cannot recollect any particular expressions which he made use of upon the subject?—No; I do not think he made it any particular matter whether they were sent up or not.

3760. If he made any such recommendation, it was not made in a manner which much influenced your mind?—No, not at all in a pointed manner.

3761. You have taken no proceedings against Mr. Scott?—No, none whatever.

3762. Have you demanded repayment from him?—Yes; there was a letter to that effect sent.

3763. Does that letter contain anything beyond a demand of payment?—It was a demand of payment of the principal and the interest at the expiration of the three months.

3764. You have taken no proceedings against Scott; on what ground have you forborne proceedings against him?—Because I always had the impression that the bills must be paid, and because I believed he had so many bills; he had acknowledged that unless those bills were taken up by the Government, he would be inevitably ruined.

Mr. *Henry Darvill* further examined.

Mr. H. Darvill.

3765. Was an answer received to the letter demanding re-payment?—A letter was received (I have not got it with me) simply stating that he could not pay them. In the interviews I had with Mr. Scott I demanded payment from him. He said, "I would if I could, but I have not the means of repaying it." There is one point I neglected to advert to in conversation with Mr. Scott, as to how it was persons were borrowing money at four and a-half or five

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per cent., while the interest was so much lower?—He said, "They are doing it every day; whether they are dealing in Spanish stock I do not know, but the Bank of England are doing it every day also."

Mr. *John Wray Scott* further examined.

Mr. J. W. Scott.

3766. The Commissioners, understanding you attend at the request of Mr. Darvill, wish to propose a few questions. If you wish that your solicitor should be present, they will postpone them.—It is not at all necessary.

3767. Do you recollect an application made to you by Mr. Darvill and Mr. Nash, on the 15th of October, 1841, about investing 2000*l.*?—Yes, I perfectly recollect it; and that I lent it for Mr. Nash on Exchequer Bills 7076 and 7082.

3768. State shortly what passed between you when they applied to you?—As far as I recollect, Mr. Darvill introduced Mr. Nash. Mr. Nash having 2000*l.* he wished to employ on good security, I think I named that there were Exchequer Bills offering; and that, if he liked, I could get him four, or four and a-half, or five per cent., whatever was the rate of the day on Exchequer Bills. I did apply for them, and took his bank-notes, which I handed over to De Berckem for those bills, and handed him the bills.

3769. Did you mention the name of De Berckem to him at the time?—No, I did not.

3770. Do you recollect any observations being made by either of you as to the nature of the security?—Yes; that it was first-rate of its kind.

3771. Was any question asked by either of the parties with reference to the nature of the security, and the amount of interest the Exchequer Bills bore?—Yes; I heard Mr. Darvill make a remark on the circumstance of the Exchequer Bill bearing the rate of 3*l.* 8*s.*; that a party should be willing to give five per cent. or four and a-half per cent. interest upon the loan.

3772. State as nearly as you can what passed relative to that matter?—I cannot recollect more than that circumstance.

3773. What answer did you make to that observation?—That it was a common occurrence, or something of that kind, for parties to be borrowing money, even at a higher rate than the Exchequer Bills paid. I do not recollect precisely what passed.

3774. Do you recollect any observation being made about the appearance of the Exchequer Bill, the form of it, the paper on which it was written, and so on?—No, I do not at this moment.

3775. When the Exchequer Bills were brought back, do you recollect any observation being made about them by Mr. Darvill as to his not having seen such an instrument before, and its being an instrument in a simple form?—I cannot recollect that at this moment.

3776. Were any other persons present?—I think my brother was present during part of the time.

3777. You recollect no observation at all about the paper on which they were made?—No.

3778. Nor any conversation that bore on the point of their genuineness?—No; if any such conversation has been stated in evidence, perhaps it might be brought to my mind.

3779. (*To* Mr. *Darvill*). Will you repeat what passed on the subject of the appearance of the bills?—When the Exchequer Bills were brought in by Mr. Scott, I had some slight curiosity to look at them. I said, "Well, those are Exchequer Bills; I never saw one before." I said, "Why, they seem very simple kind of documents; remarkably simple for so large an amount;" and then Mr. Scott said, "Yes, they are simple; but we have them every day before us. There is a peculiarity, you will see, though they are so simple: there is a water-mark in the paper; and it is a peculiar paper; you can tell from the paper and the seal." I said, "It is a very simple document," or something to that effect.

3780. Mr. *Scott*.—That recalls a part of it to my recollection: something of that kind passed but I cannot call it to mind precisely. I have had a great many Exchequer Bills through my hands formerly, and it is what I should be very likely to say.

3781. (*To* Mr. *Darvill*). Did that remark arise from your general ignorance of the nature of the instruments, or anything which occurred to you respecting those particular documents?—Only with reference to the nature of the instruments. I had never dealt in Exchequer Bills as a trustee. I have been concerned in consols, but never in securities of that nature.

3782. (*To* Mr. *Scott*). Whatever observations were made on either side, were not made as to the point of the genuineness of the particular instruments produced?—Not at all.

3783. You speak confidently to that?—Yes, I can speak confidently to that. I have this entry in my book: "Borrowed of Zachary Nash, Esq., 2000*l.* on Exchequer Bills, 15th October." Mr. Darvill's name as a reference: Nos. 7076 and 7082, dated 17th of June, from Mr. De Berckem.

(*The Commissioners inspected the entry.*)

3784. Mr. *Scott*.—I have not an entry of the bank-notes, because I had them from Mr. Nash, and handed them to Mr. De Berckem.

3785. When those parties applied to you, and you said you thought you could probably lend the money on Exchequer Bills, did you go to Mr. De Berckem?—I did.

3786. Had you had previous transactions which led you to know that he occasionally borrowed money on Exchequer Bills?—Yes, I had had one a few days before.

3787. State what passed between you and Mr. De Berckem at that time.—As nearly as I can recollect, it would be this: "I want to lend money on Exchequer Bills; have you any

Exchequer Bills to deposit?" and his answer would be "No," or "Yes." It might happen on this occasion that he said he had 2000*l.*

3788. What passed in reference to the rate of interest, or the term for which the loan was to continue?—I cannot recollect with any precision what passed, except that we settled the rate of interest at the time.

3789. Can you tell what led to the fixing the particular rate of interest?—It was about the rate of interest at the time.

3790. What was the market rate of interest at the time?—I think between four and five per cent; from four to five per cent.

3791. Did anything, and what, pass between you and De Berckem relative to the time for which this loan was to be made; three months certain is not a period for which those loans are usually made?—No, it is longer than they are generally made for; but I cannot recollect that anything passed on the subject.

3792. Did he make any observation that the rate of interest ought to be lower, or that he did not like to engage for that rate of interest for so long a period?—I cannot recollect anything passing.

3793. Between you you settled the rate of interest and the time for which the money was to be lent?—Yes.

3794. Which of you originated any proposition as to interest; did you say we must have so and so, or did he say I will give you so and so?—I think I named the rate of interest, as being what I supposed to be about the fair thing for the term.

3795. It was well known to De Berckem that the rate of interest he was to give you included a half per cent. more than was due to the lender?—Yes, certainly.

3796. You have had a good many other dealings with De Berckem in Exchequer Bills?—I have.

3797. Was this transaction about the 2000*l.* conducted in the same way as other transactions with him had been?—Yes, and according to the usual course of business with other persons.

3798. Can you refer to any other transaction about that time in which five per cent, was given upon the deposit of Exchequer Bills, for so long a period as three months?—I can refer to one transaction with him for a Mr. Browne; I had not any other with any other person.

3799. Was anything said about the possible case of Mr. Nash wanting his money before the expiration of the period?—It was; and I considered that this loan, after a month or so, would have been on notice, that if Mr. Darvill had come to me and said, "We want the money," I should have arranged that he should have it in a day; and that would suggest the loan being a little lower than some others. I should have got the money immediately on receiving such a notice.

3800. In the ordinary course of business on the Stock Exchange in these matters, would a broker, acting as you did, be considered liable to the lender if he chose to pursue him for the amount of the loan?—That is a difficult question. It appears to me a broker ought not to be liable, because how could they meet the number of demands which might be made upon them. Brokers of great respectability, but very small capital, have immense sums through their hands, and if such cases were to occur, how could they possibly meet them?

3801. Without expressing an opinion as to what ought to be, what is the understanding?—I have not the least doubt that by the memorandums I have given I have made myself liable; but had I given up Mr. De Berckem's name, I conceive I should not have been liable.

3802. Had you any other advantage in this transaction from De Berckem, or any other than the half per cent.?—Not the slightest; it was precisely on the same terms as in respect of all the 55,000*l.* bills which unfortunately passed through my hands.

3803. Upon your oath you have not, with respect to the others to which you have referred, had any other advantage to yourself than the difference of interest which stands in the place of commission?—Not the slightest.

3804. Mr. *Nash.*—I remember one expression which seemed to imply that the bills were in our own power; Mr. Scott said, "If you do not fill up the blank, you will be able to exchange them."

[*The Witnesses withdrew.*]

Mr. *Jonas Levy* sworn and examined.

3805. There are in the schedule to the Act of Parliament three bills, Nos. 7072, 7074, and 7075, which stand in the name of Mr. Lewis Levy, your father?—Yes.

3806. It appears from his evidence that you have some interest in those bills?—I cannot positively state that those bills were in my possession. I had some bills in my possession which I paid into the Bank of England for some scrip. I did not take the numbers, I had them from my father. If I see the bills, I can tell whether they are the bills, for I think I put my name at the back of them.

3807. Were they three in number?—Yes; I think I paid in three in number at one time, and others at another time. I think I endorsed them at the time I paid them in. (*The Witness looked over the bills.*) Those are the bills; there are my initials at the back of them, 7072, 7074, and 7075. I do not see my initials at the backs of any others. All I can speak to are those particular bills which I paid in myself; I find my indorsement upon them.

3808. Finding your indorsement upon them, you know that you paid them in for scrip?—Yes.

3809. You received them from your father?—Yes; I will state how it was that I took no account of them. We are concerned very extensively in road contracts, and I have the entire management of that part of the business; very often we have a considerable sum of money

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balances in our hands; all the money we receive I pay into the Bank to my father's account; he disposes of the money in the best way he thinks proper. I only know, that at certain times when I want money for carrying on the business, I take it; we keep no separate accounts. At this time I was particularly engaged; I was down at Exeter just at that time, and I was away from home a considerable time, so that I knew very little of what took place at that time.

3810. Are you in partnership with your father, so as to claim an interest in these bills?—Yes.

3811. You are in partnership with your father in respect of the funding?—Yes.

3812. Was any other person concerned?—Yes; my uncle; we are all three concerned in everything; we have but one joint concern; we keep no separate accounts; whatever money is paid and received is in one account; we do not divide the profits, but it goes on.

3813. Have you an interest in all the 16 bills with which your father is concerned?—Yes; they were securities for part of our general cash, so that I conceive I have an interest in them.

3814. You got a certain quantity of stock for those bills; in whose name was that placed —Part of it was placed in my name, part in my father's name, and part in my uncle's. It so happens very often that we have a considerable sum in hand, and it sometimes happens, or it has happened, that we have been obliged to borrow money. Now it would be a considerable inconvenience if my father was not at home; and I said, "There shall always be an available property ready if one is away, that it can be got; and ever since that time we have always some kind of available property that, in case one is out, the other may get money for it immediately."

3815. With the view in case either of you is called on in the course of business to make a payment beyond the loose cash, he shall be able to realize some property immediately?—Yes; I might go down to Lancashire or Devonshire and take turnpike trusts, where the deposit money might be 3000*l.* or 4000*l.*, and if all the stock stood in my father's name, I might be in a difficulty to realize the money at the moment; if part is in my name, I can get it at the moment.

3816. Do you recollect the time of the first subscription for scrip by you?—I do not recollect the date; my father wrote for a certain sum, something above 70,000*l.*, but it was left to him. I think it must have been some time in September.

3817. Were these bills paid in on that subscription?—Yes; I should say they were; I have no doubt they were.

3818. Can you give any information as to the reason of your funding so large a sum at that time?—The instalment became due; there was so much of this stock standing in my name, and I was obliged to pay it.

3819. At the time the subscription was made, there were no rumours about Exchequer Bills?—No.

3820. Had any rumours reached you at the time of the funding?—No; not any; if I had heard any, I should not have taken them into the Bank; my father said, "Your subscription is due, you must go and pay it;" and he gave me the bills to go and pay it.

3821. Did you hear any thing from him of the manner in which he became possessed of those Exchequer Bills?—No; he puts out the money in the best way he can.

3822. You know nothing of your father's dealings with De Berckem?—No.

[*The Witness withdrew.*]

Mr. *Alfred Richard Cutbill* sworn and examined.

Mr. A. R. Cutbill.

3823. You are the manager of the Commercial Bank of London?—I am.

3824. Did you at any time write a letter to Lord Monteagle relative to 10 bills which appear to be held by that bank?—I did, and to the Chancellor of the Exchequer also.

3825. Is that now shown to you the letter to the Chancellor of the Exchequer?—It is. (*The same, dated 16th April, 1842, was read.*)

3826. Is that now shown to you the letter you wrote to Lord Monteagle?—It is. (*The same was read, dated the 1st of November,* 1841.)

"*The Right Honourable the Lords Commissioners of Her Majesty's Treasury.*

"My Lords, Commercial Bank of London.

"I am instructed by the Directors of this Bank to state to your Lordships, as I have previously done by letter to Lord Monteagle and the Chancellor of the Exchequer, that the sole reason for the Directors declining to part with the possession of the 11 Exchequer Bills of 1000*l.* each held by them, 10 of which are the property of the Bank, and the other that of their customer, Henry Barnewall, Esq., has been under the advice of eminent counsel, in order, by preserving their identity, not to prejudice the position of the Bank.

"But as a Bill has been recently introduced into Parliament, and has passed both Houses, appointing a Special Commission to examine into the claims on Exchequer Bills, and among the rest that of this Bank, the Directors feel it their duty now to deliver those held by them into the hands of your Lordships, or to such officer as you may appoint.

"I have, &c.

"A. R. Cutbill."

3827. Did the bank receive any answers to the letters which have been read?—I think to the letter first read we received no reply. I think that to that last read Lord Monteagle

stated that he could not comply with our request to examine the bills without detaining them.

3828. Have you that letter with you?—I have not, it is at the banking-house. Independently of the reply from Lord Monteagle, we had a communication from Mr. Maule, the Solicitor of the Treasury, requesting to see me. The directors considering it better that I should be accompanied by Mr. Amory, the solicitor, he came down with me. The result was only, that the matter would be considered by the Lords of the Treasury.

3829. There was more correspondence between you and some of the officers of the Government than merely those two letters?—There were several letters passed; but they were, as far as my recollection goes, very much of routine.

3830. Do you happen to have in your possession the letters written to you by the officers of the Government?—We have them, but not here; they are at the office.

3831. Will you state the history of the transaction by which the 10,000*l.* Exchequer Bills which appear in this schedule came into your possession?—I have prepared a statement of the loan account with Mr. De Berckem, showing the nature of the transaction and the state of it. It shows every transaction we had with Mr. De Berckem.

3832. Is that drawn up by you from your knowledge of the transaction?—It is drawn up by me from books we have here, with some more explanatory statements than the books give.

3833. Do you render that account as a correct and full statement of the transactions with Mr. De Berckem?—As to the loan accounts, not the whole of our transactions, with Mr. De Berckem. On the 14th of May, 1841, Mr. De Berckem, who was introduced by one of our directors, Mr. Oxenford, who had known him some years, applied to us for a loan of 5000*l.* on five Exchequer Bills of 1000*l.* each, the whole of which money he drew out in one amount, and I have the numbers of the bank-notes, if they are required. The numbers of the Exchequer Bills were 8380 to 8384, of the 15th of March, 1841. On the 15th of June he applied to us for another loan of 2000*l.*, lodging bills 5804 and 5805.

3834. For what periods were those loans made?—The first loan was made from the 14th of May to the 14th of June, and then carried on for 15 days; he applied to us to carry it on, and itw as done.

3835. At what rate of interest?—At five and a half. The second loan was at the same rate, till the 30th of June, being 15 days. On the 19th of June he applied for another loan of 1000*l.* for seven days, which he paid off on the 26th, when the Exchequer Bill was returned to him. That Exchequer Bill was 5806, afterwards exchanged for 7067.

3836. That loan was only for seven days?—Yes; during that short period he came in with one bill, requesting to have another. I have stated that on the 15th of June we lent him 2000*l.* on Exchequer Bills 5804 and 5805. Before the expiration on the 30th of June he exchanged those two bills for two others, 7065 and 7066. It is customary for stock brokers and bill brokers to exchange their securities; being payable to bearer, there is no difficulty about it. (*The Witness referred to his book*). I have not an entry of the date of the exchange, but only an entry of its having been made.

3837. The numbers first lodged were 8380 to 8384; when were those withdrawn?—The first money that ever we called up, with the exception of the small loan I have mentioned, was on the 16th of September. They passed out of our hands on the 16th and 17th of September.

3838. Under what circumstances?—On the 16th of September, 8380 to 8382 were returned, on his paying us bank-notes of 3000*l.*; and on the following day the two remaining numbers, 8383 and 8384. We treated this as a general loan, and if he had asked us for bills which had been latest lodged, we should have given them to him. It so happened that he did take with him on the 16th of September the bills which were earliest lodged. Money being in demand, we called up 5000*l.*

3839. Did he ask for those numbers?—He did, and I had his clerk's receipt for them. It will be seen by the account, that on the 1st of July the balance of the advance to him stood at 7000*l.*, 1000*l.* having been returned out of the 8000*l.* On the 14th of July he applied to us for a loan of 6000*l.* at five per cent., until the 31st of the same month; and he then deposited five bills, which are numbers 8364 to 8368, and one bill, 7103, for the loan of 6000*l.* On the following day he appears to have applied to us for a further loan at five per cent. until the 31st, depositing bills 7099, 7104, and 7105. On the 21st of July he applied to us for a further loan of 4000*l.* at five per cent. till the end of the month, depositing bills 8370 to 8373,—on which day, in lending him this money, he made use of a remark to me which somewhat astonished me at the moment.

3840. What was that?—He stated to me, "Now if you have more money to employ, I can lend it for you," or words to that effect—"fifty or even a hundred thousand pounds." After completing the loan, I received the Exchequer Bills, and took them up to our directors, who sit from twelve to two each day, and mentioned to them what he had said, thinking this was an extraordinary amount for a broker of his standing. He pulled out at the same time, a very large roll of Exchequer Bills—I can scarcely imagine how many—from his coat pocket.

3841. On what date was this?—The 21st of July, the day we made him the loan last named: he said, "If you have fifty or even a hundred thousand pounds, I can employ it for you." The loan was closed. I went up to the room where Mr. Taylor, our deputy chairman, was sitting, and mentioned it to him, and said, "Mr. De Berckem is a very young man to have the custody of so large a number of bills; when it was ten or twenty thousand pounds I thought nothing of it." After some general conversation, we had the bills up we had re-

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ceived from him, and compared them with other bills we had exchanged ourselves, and were perfectly satisfied with the apparent genuineness of the documents. Nothing more was said upon that subject. I was compelled to leave town for Newbury that afternoon, and did not see the directors till the following evening. In consequence of our annual meeting, they had given a dinner at Blackwall; and in returning with Mr. Taylor and Mr. Oxenford, the gentleman who originally introduced Mr. De Berckem to us, the business of the Bank generally was conversed upon; and among other things, this loan we had made two or three days before, the amount of which had then become large, becoming the subject of conversation, I recollect Mr. Taylor, or Mr. Oxenford, stating, "It is a pity, if there is the slightest suspicion in the world, that we should go on without attempting to discover whether there is any ground for it;" and an appointment was made on the following day at one o'clock, to take up those bills to the Exchequer Bill Office to be examined: that was the 23rd. Not having been at the Exchequer Bill Office myself on such a matter, I was not aware which was the office to go to. We knocked at the first door, and learned that the Paymaster's office was the proper office to go to; and on going up stairs, we saw but one clerk in the office, who took the bills from us. We stated that our object was to ascertain whether they were genuine or not. He kept us twenty minutes, and examined them; and whether he thought we were too pertinacious I cannot say, but he said, "The bills are good bills; but if you are not satisfied, go to the Issuing Department." I particularly called his attention to the signatures, because one of the bills we had was in a much more cramp and formal style than the others.

3842. Did he examine them with the counterfoils?—I am not aware that he did. He had two or three large books, which appeared to me registers or indexes of some kind. With respect to the signatures, I particularly called his attention to the difference in the style of the handwriting. He said, "That is easily accounted for, by there being two or three parties who sign 'Monteagle,'" which I was not at the time aware of. Upon his saying, "If you are not satisfied with my opinion, you had better go below," I did go below, but so impressed were we with the answer we had received, that Mr. Oxenford said, "Really, do you think it worth while to go further?" My reply was, "Having begun the examination, I think we ought to complete it." On going into the office in the adjoining house, there was a partition, if I recollect distinctly; we saw two younger men there than we had seen up-stairs; both of whom took some considerable pains, and were very obliging. We were there about twenty-five minutes; during which, I suspect they must have examined them with the counterfoils, for I heard them use the word "check." Whether that is the word to express the counterfoil I cannot say, but they appeared to take them into their hands and examine them particularly.

3843. Had they the bills in their possession?—Yes, certainly, twenty minutes.

3844. Do you know the persons?—I think I should know their persons; they were young men.

3845. Do you know what the office is called?—I think, the Comptroller's office. I mentioned the circumstance to Mr. Maule, and he said neither of them was Mr. Smith.

3846. Do you know whether it was Mr. Smith's office?—I believe it was.

3847. Can you describe the position of the office?—As far as I can recollect, it was the right hand door on the first floor of the first house going down Whitehall Yard. Going up the first staircase, there was a large partition in the room, into which Mr. Oxenford and myself went; instead of keeping us outside in a sort of ante-room or passage, they asked us to come in.

3848. Did the examination appear to take place by more than one person?—By both of them. There was an angle in the room, or a projection, which prevented my seeing just what they did; but whether we looked anxious about the matter I cannot say; but one of the young men, in giving them back, the younger, said, "Well, gentlemen, you may make yourselves perfectly easy; these bills are good and genuine."

3849. The statement was made by a single individual?—The other being present and in his hearing.

3850. The younger man made the statement?—Yes, I think so; but they were both pretty much of an age. Those which I now produce are the bills mentioned in the schedule to the Act of Parliament; and I have also the other bill alluded to in my letter to Lord Monteagle, which I will also put in. (*The Witness delivered in the eleven bills.*) This bill is not the property of the Bank, but the Bank were the medium through which the advance was made. That is No. 7086; it is the property of Henry Barnewall, Esq., one of our customers and directors.

A Letter signed Henry Barnewall, addressed to the Lords of the Treasury, dated 12th April, 1842, was read, as follows:—

"My Lords, 12th April, 1842.

"In the autumn of last year the Commercial Bank of London, with which I keep an account, invested by my authority, and on my account, 1000*l.* in a loan on Exchequer Bill 7086, dated 16th June, 1841, 3 and 4 Vic.

"I do not notice, in the printed Schedule appended to the Act which has passed the House of Commons, any entry of such Bill; which gave me the more surprise, because such Bill has been, and still continues, in the custody of the above Bank, and subsequent disclosures have given too much reason to suppose that it was one connected with the extensive and atrocious fraud committed on the Government.

"The omission in the Schedule caused me immediately to inquire at the Commercial Bank about it; and the manager informed me that, in a letter he addressed to Lord Monteagle

on the 1st of November, (a copy of which was sent to the Chancellor of the Exchequer,) the said Bill was specified as one held for account of a customer of the Bank.

"Being quite prepared to prove the *bonâ fide* possession of the Bill by the Bank on my account, that I paid 1000*l.* for the Bill, and took it in the ordinary course of business as an investment on loan, I am conscious to be placed in a position of affording, by the evidence of the manager of the Bank and my own, the most full and explicit information; and, therefore, respectfully solicit that the omission in the Schedule may not debar me from the privilege of so doing.

"I have, &c.,
"HENRY BARNEWALL."

Mr. *Cutbill.*—The only persons cognizant of this inquiry at the Exchequer Bill Office were Mr. Taylor, our deputy-chairman, and Mr. Oxenford; and so ashamed were we of our suspicions of Mr. De Berckem and his bills, that it was understood nothing should be said to our directors on the subject; and on the 31st of July, the day that, as I observed, the whole amount was due, Mr. Taylor and Mr. Oxenford were members of our daily committee; and when he offered to pay off the loan, we said, "No, we had rather go on for another fifteen days," so satisfied were we with our inquiries; and this loan was continued till the 31st of July at five per cent., and afterwards to the 16th of August at the same rate, and then to the 16th of September, also at the same rate; on which day, money being in demand with us, we called up 5000*l.*, 3000*l.* of which was paid to us on the 16th, and 2000*l.* on the 17th, leaving then a balance of 15,000*l.* due to the Bank on the deposit of Exchequer Bills, which we carried on at five per cent. until the 13th of October, on which day, we called up another 5000*l.*, gave up to him five Exchequer Bills, and received bank-notes.

3851. Can you give the numbers you gave up?—The numbers of those we gave up to him on that day were 7065, 7066, 7099, 7104, and 7105—five bills; that left us in possession of ten bills of 1000*l.*, which bills I have just had the honour of delivering in to the Commissioners.

3852. The bills you delivered in are the bills alluded to in the schedule of the Act?—Yes, and also one bill, the property of Henry Barnewell. Very shortly afterwards some observations were made, I think in the "Times," with regard to those bills, or some of them, it having been supposed that they were used by persons who were not legally entitled to use them, or that something was wrong with the bills themselves. In consequence of that, inquiries were made of myself and Mr. Taylor, by our other directors, from whom we had kept it secret. We stated there could be no objection to our bills, for we had had them examined. Mr. Barnewell came to me, feeling a little anxious, and I made the same statement to him. This was a little trust-money he had at his disposal. We applied to De Berckem. Having had those bills examined, we were satisfied of the genuineness of them, and took the steps which the letter states with regard to Lord Monteagle; and we then made the application through our solicitor, Mr. Amory, for restitution of the money, stating that the bills had been declared to us to be doubtful. A few days after the paragraph in the "Times," in consequence of Lord Monteagle's notice to send them in to the office for examination, we wrote the letter to Lord Monteagle to which I have referred. Mr. Maule wrote me a letter afterwards, requesting me to see him at the Treasury. I called with Mr. Amory, and detailed to him what had passed at our interview in Whitehall Yard; and he then said, "I am very sorry to say that the bills you hold are really spurious bills, or forged bills." I said I could hardly tell how that could be known, as nobody had seen them from the moment we had received them. He said, "The fact is that there are duplicate numbers in circulation."

3853. Did that apply to the eleven or only to ten?—I conceive it applied to the whole, as the particulars of the whole were in our letter to Lord Monteagle. This interview with Mr. Maule must have been early in November. At the following meeting of our Directors it was determined to apply to Mr. De Berckem; and the course we took, under the advice of Mr. Amory, was to write him this letter: it was copied in our books at the time:—

"F. De Berckem, Esq. "15th November, 1841.

"SIR—The several Exchequer Bills, the numbers and dates of which are specified below, having been asserted by Mr. Maule, Solicitor to the Treasury, to be forgeries; on the part of this bank, I have to require payment of the advances made to you on loan, with interest for the same.

"I am, Sir, your obedient servant."

With my own name. At the foot there are the particulars of the ten Exchequer Bills alluded to.

3854. That letter did not include the eleventh?—It did not.

3855. Have you had a reply to the letter?—There was no reply to the letter we sent; he was out of town, and not to be seen. We were very anxious to serve it upon him, but not being able to do so, we served it at his counting-house. It was intended to determine what course we ought to pursue; acting under the advice of our solicitor, we did not proceed against him. Mr. De Berckem had made some statements, I understood, to Mr. Amory, as to the amount of Exchequer Bills he had had through his hands, and the state of his affairs, and it was thought not expedient to pursue measures against him. At that time we never had any notion that Mr. De Berckem was a man himself of property. If he had applied to us for a loan of 500*l.* on his own responsibility, I do not think we should have made it him.

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Mr. A. R. Cutbill.

3rd June, 1842.

3856. Did he name his principal at any time?—No, he did not name his principal; but at one time, in answer to my inquiry why he did not sell some bills on his applying for a loan, and offering us a very good rate of interest just before this explosion, how it happened that he could offer six per cent., I think I said, "Why do not you sell those bills?" He said they were entrusted to him by some club at the west-end of the town; that he held both them and Spanish Stock, and he gave a specious reason, "Why, I had rather raise money on Exchequer Bills at five or six per cent., than raise it on Spanish Stock for which I must pay ten or twelve," which was the case at that time; "I may raise it on either, but I have no authority to sell."

3857. The reason he assigned for not selling was, that he had not authority?—It was.

3858. Can you give the exact date when the conversation took place?—I think it must have been very shortly after our calling up the 5000*l.* on the 13th of October; it must have been a few days after that, when he applied to us for a further loan. There was no spare money at the time, and those loans were not made by us except when we had spare money, when the wants of our customers did not call for it.

3859. You never made any advance to him after this inquiry at the Government office?—No, we had no wish to increase it; 20,000*l.* for a small bank like ours was a large amount; we called up money from Gurney's, the brokers, to lend to him, considering the security good. On the 21st we lent him the money for ten days longer; on the 31st, when the whole loan expired, we were willing to go on with it; if we had called up our loan at that time, of course we could have got it, but the confirmation of the bills satisfied our minds, and both Mr. Oxenford and myself were rather ashamed that we had been suspicious without any ground, and the other directors of the bank were never made acquainted with the fact until the discovery took place. The routine at our bank, with regard to applications for loans of this kind, is this—the application is made, and reported to two or three of our committee, who being consenting parties to the loan, the money is advanced.

3860. Was the same course pursued with regard to those loans which was with respect to others?—Yes. On the 14th of May I observe the three members present were Mr. Cayley, Member for the North Riding of Yorkshire, Mr. Taylor, and Mr. Oxenford. I have their private memorandum-book here, which will give the entry of the matter.

3861. The account you have put in shows at what times and for what sums the particular numbers in the schedule were received?—That is a statement of the bills which are the property of the Bank, and not including the Exchequer Bill of Mr. Barnewall. To simplify the matter we opened a separate account, called a Loan Account, with Mr. De Berckem. He could either take Bank-notes at the time, or have the amount carried to his credit, and draw as he needed it. I have brought a copy of his current account with me (*producing the same.*)

3862. What note do you keep of the advances on the particular bills?—I have the numbers of the notes given him, or the transfer to his current account of the number of drafts he drew upon us.

3863. Had he, before he made applicatiou for those loans, a current account with you as a customer?—Not until that day. The application was made in this way: Mr. Oxenford introduced him on his applying to know whether his bank, as he called it, would make him advances on Exchequer Bills. I said, "We are not in the habit of making advances except to our own customers; if you have an account with us, we shall be ready to make advances."

3864. Did you personally know De Berckem before?—I never saw him before he opened his account; but Mr. Barnewall had known his father, and Mr. Amory, our solicitor, knew him and his family.

3865. Can you, by reference to any account, tell the actual consideration which passed for those bills as they stand in the schedule?—We considered the loan in gross, and if he had applied for any particular bills out of the lot, we should have given them, but it happens that he did not. The bills, as they appear in the schedule, are, the first lot, 6000*l.*, were deposited on the 14th of July, Nos. 8364 to 8368, and No. 7103, of the 16th of June, 1841; that was a loan made at five per cent. for 17 days.

3866. How was the consideration for those bills advanced?—It was advanced in Bank-notes at our counter, in exchange for his draft, which was paid.

3867. From what book do you read that?—This is an extract from our paying-book. I have the ledger here that contains the draft, but does not contain the numbers of the notes. The following are the numbers: five of 1000*l.*, numbered 41,641, 30,309, 36,286, 35,914, and 36,873, the date of those being the 1st of January; and two of 500*l.*, 91,777 and 93,353, of the 2nd of March. This is the ledger; the entry is simply, "14th of July, 8368, 7103, 8364 to 8367, Exchequer Bills; dated 15th of March, 1841 (*loan*), at five per cent." The 4000*l.* which remain with us is for the loan made on the 21st of July, at five per cent. for ten days; the numbers of the Exchequer Bills being 8370 to 8373. That 6000*l.* and that 4000*l.* are the bills we now hold; the payment of the 4000*l.* was a transfer from his loan account to the credit of his current account, and was drawn for on the same day, and was paid in four Bank-notes of 1000*l.* each, 41,732, 43,585, 42,108, and 65,135.

3868. Your ledger contains an entry relative to this transaction?—A simple entry merely; this is the entry (*referring to it*).

3869. The first transaction, May the 14th, was at five and a half per cent. Do you recollect anything particular passing about the rate of interest at the time?—The rate of interest was offered by himself, the value on stock being at five per cent. He wanted the loan for a month, and as it is not usual for bankers to lock up their money for a month, it was lent at

five and a half. I have alluded to the interest by bill brokers; at that time it was four and a half per cent.

3870. Were all the loans at the market-rate of interest at the time?—I should say they were.

3871. The account shows the date of the transaction?—Yes, it does; and also the continuation; and, I observe, during the short portion of time those loans were running, we were charging our customers five and six per cent. on the discount of their bills; the Bank excluding three months' bills. They had formerly raised the rate to six per cent., and when they lowered it from six to five, they excluded bills having more than 90 days or 60 days to run.

3872. Do there appear to have been any other transactions for loans on Exchequer Bills about the same period?—Our transactions of this description were not very large; we made a purchase of stock about that time, but no loan on stock or Exchequer Bills.

3873. You have stated three different numbers, 7065, 7066, and 7067, which you got in exchange for other numbers; can you give the date at which those numbers got back into the hands of De Berckem?—October the 13th; when we called up 5000*l.* from him, he took, among others, those three numbers.

3874. Did he ask for them?—He always delivered us a list of the bills he required. It will be seen that we put a ticket on the bills deposited, and he took them in that way. The value of the money on stock is not always regulated by the demand on the commercial market. At the present time we are getting only three per cent. at Gurney's. Yesterday we made a loan of 10,000*l.* on Consols at four and three-quarters to the 16th of July next.

3875. Of what issue were those bills numbered 7065, 7066, 7067?—I can give the date, the 16th of June. The reason assigned, I think, was his wishing to get them exchanged; that the bills for which they were exchanged were about to be paid off at that time. He placed those in our hands in exchange for other bills: the only bills we exchanged appear to be these.

3876. Had you any communication with him on the subject of exchanges at any time?—I think the reason he assigned in June, 1841, was, that they were to be exchanged; after that time I see no ground for his changing a bill. The only substitutions he made were 5804 and 5806 for 7065 and 7066.

3877. You think he assigned as a reason for that, that the exchange was coming round?—Yes.

3878. What other substitutions were made?—There is a very small loan, 1000*l.*, for seven days; he first deposited 5806 for it, and afterwards exchanged it for 7067; but as that loan was repaid in seven days, I cannot charge my memory with the fact. I recollect distinctly the cause of his taking that money; his account was very low at the time: he said he was rather short, and he would get us a loan on the deposit of this bill for six or seven days, and he drew for 600*l.*; but it left his account better.

3879. Did he assign any reason for that second substitution?—I cannot remember that he did.

3880. There appear to be two substitutions, neither of which can be accounted for by the exchange at the Exchequer Bill Office?—Neither of them could be accounted for by that circumstance.

3881. Was De Berckem at all aware in any way of the step you had taken in coming up to the office?—No, not at all.

3882. You stated that when you yourself first compared the bills before you took them up to the office, that comparison was made with bills you had yourself got at the exchanges?—With one we did.

3883. No circumstance of suspicion occurred on that occasion?—None.

3884. On inquiry at the Government office something was said about the signature?—There was a slight difference in the style of the signature, and not being aware that others besides Lord Monteagle signed his name, we stated that we were anxious about the signature appearing somewhat different.

3885. That circumstance had occurred at the private examination?—It had.

3886. You say now that you were so satisfied with what you had heard at the Government office, you were determined to go on with De Berckem; what you had heard satisfying you on the question of genuineness?—Yes.

3887. No question of misappropriation of bills occurring to you notwithstanding the largeness of the amount he offered to deposit?—No, it induced me to make inquiry respecting Mr. De Berckem of Mr. Barnewall, who had known his father, and spoke of him as a very respectable man.

3888. That removed from your mind any idea of a breach of trust?—Just so; his transactions with us were very regular. When we placed money to his account, it was done in a manner not to excite any suspicion. In giving up the Exchequer Bills we took bank-notes for them.

3889. The management of the bank is very much in your hands?—Very much, subject to the control of the directors, three of whom attend daily, two in the City and one in Henrietta-street; they are called the Daily Committee, by whom every loan of this kind was consented to.

3890. Will you state the circumstances of the eleventh bill?—On the 13th of October we called up 5000*l.*; Mr. Barnewall had some trust-money in our hands at the time. Mr. Barnewall said, "Seeing you are calling up money, I had better take one of those bills;" and I went to De Berckem and said, "One of our directors has got 1000*l.* to spare, and is willing to

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lend it to you for ten or twelve days." I was the medium, and that bill was deposited with u until this explosion took place.

3891. Being, while deposited with you, the property of Mr. Barnewall?—Yes; and still his property. On the 14th of October we placed 1000*l.* to the credit of De Berckem, by order of Henry Barnewall, and on the 15th he drew 1300*l.*, leaving still a balance in our hands of two hundred and odd pounds. De Berckem has still a balance in our hands to that amount.

3892. You received from the hands of De Berckem this Exchequer Bill, No. 5806?—Yes.

3893. Mr. Barnewall is a director of your bank?—Yes; he had known the father of Mr. De Berckem, and he had been in attendance on the Committee when some of those loans were made, and therefore was cognizant of the operations of the bank with Mr. De Berckem.

3894. It appears from your statement that you did not make any advance to De Berckem after the time he made you an offer to let you have fifty or one hundred thousand pounds?—No; I am not at all prepared to say that we should not if he had applied to us, and we had had money to spare.

3895. It appears that on the 19th of June a loan was made, for securing which the Bill No. 5806 was deposited?—Yes.

3896. That loan was for seven days only?—Just so.

3897. Was that bill, No. 5806, left with you till the expiration of the seven days, or taken away and another bill substituted?—It was taken away and another bill substituted for it, on what day I am not certain, but it must have been between the 19th and 26th of June, at which time the loan was paid off.

3898. That bill, 5806, was dated the 17th June, 1840?—It was.

3899. Did it occur to you to observe that the bill dated June 17th, 1840, was actually overdue when it was brought to you?—Certainly not, or I should have made an objection to it; being for a very short period, it did not go through our regular channel of registry; it was made rather on parol than as a specified loan; his account being short with us, he brought that to raise his account, and there was perhaps a little disregard of our usual caution. We have a register book of all securities deposited with us, and take receipts on the other side of of the page when they are returned, whether they are deposited on loan or for safe custody.

The accounts referred to by the Witness were read as follow:—

" F. De Berckem.

Loans on Exchequer Bills.

1841.		£.	1841.		£.
May 14	Loan on Exchequer Bills Nos. 8380 to 8384, 15th Mar., 1841, to 14th June, at 5½ per cent., and then carried on for 15 days .	5,000	June 26	Loan repaid, and Exchequer Bill, No. 7067 returned	1,000
June 15	Loan on Exchequer Bills, Nos. 5804 and 5805, exchanged for 7065 and 7066 to 30th June, at 5½ per cent.	2,000	June 30	Balance loans, to July .	7,000
June 19	Loan on Exchequer Bill, No. 5806, 17th June, 1840, exchanged for 7067, to 26th June, at 5 per cent. . .	1,000			
	£	8,000		£	8,000
July 1	Balance from 30th June renewed to 16th July, and then to 31st July . .	7,000	Sept. 16	Loan repaid, and Exchequer Bills returned, Nos. 8380	
July 14	Loan on Exchequer Bills, Nos. 8364 to 8368, 15th March, 1841, 7103, 16th June, 1841, to the 31st July, at 5 per cent. . .	6,000	Sept. 17	to 8382 . . . . . Loan repaid, and Exchequer Bills returned, Nos. 8383 and 8384 . . . . . Balance	3,000 2,000 15,000
July 15	Loan on Exchequer Bills, Nos. 7099, 7104, 7105, 16th June, 1841, till 31st July, at 5 per cent. . .	3,000			
July 21	Loan on Exchequer Bills, Nos. 8370 to 8373, 15th Mar., 1841, till 31st July, at 5 per cent. . . .	4,000			
July 31	Amount loans continued at 5 per cent. to Aug. 16th, and then at the same rate to Sept. 16th, on which day we called in 3000*l*, and on the 17th 2000*l.*, as per other side	20,000			20,000

Loans on Exchequer Bills—*continued.*

1841.		£.	1841.		£.
Sept. 17	Balance Loans continued at 5 per cent. till 13th Oct., when we called in 5000*l.*, as per other side . . .	15,000	Oct. 13	Loan repaid, and Exchequer Bills returned, Nos. 7065, 7066, 7099, 7104, and 7105	5,000
				Balance	10,000
	Balance loans now due, for which we hold the following bills—Nos. 7103, 8364 to 8368, 8370 to 8373 10/1000	10,000			15,000

FRANCIS DE BERCKEM in Account with the TRUSTEES of the COMMERCIAL BANK of LONDON.

Dr.					*Cr.*				
1841.		£.	*s.*	*d.*	1841.		£.	*s.*	*d.*
May 14	1	5,000	0	0	May 14	Cash	500	0	0
„ 19	2	5	0	0	„ „	Do. per loan on Exchequer Bills . . .	5,000	0	0
„ 25	3	50	0	0					
June 14	4	23	7	1	„ 15	Do. per do. . . .	2,000	0	0
„ 15	F. de B.	2,000	0	0	„ 19	Do. per do. . . .	1,000	0	0
„ „	5	5	0	0					
„ 19	6	700	0	0					
„ 22	7	150	0	0					
„ 25	8	48	19	9					
„ „	F. de B.	10	0	0					
„ 26	7 days' int. on 1000*l.*	1	1	1					
„ 30	9	16	11	6					
	Balance . . .	490	0	7					
		8,500	0	0			8,500	0	0
July 3	10	25	0	0	July 1	Balance	490	7	0
„ 9	11	33	18	0	„ 14	Cash	500	0	0
„ 20	12	5	0	0	„ 21	Ditto per Loan on Exchequer Bills . .	4,000	0	0
„ 21	26 B.	4,000	0	0					
„ 24	Harman	10	0	0	Aug. 12	Cash	1,000	0	0
Aug. 2	13	58	14	5	„ 24	Do.	1,000	0	0
„ 4	Thorton	10	0	0	Sept. 28	Do.	1,000	0	0
„ 7	14	7	9	11					
„ 13	15	5	0	0					
„ 14	16	6	5	0					
„ 16	17	43	16	9					
„ 18	18	500	0	0					
„ 20	19	5	0	0					
„ 21	D. B.	10	0	0					
„ 24	20	1,000	0	0					
„ 31	21	41	1	11					
Sept. 2	22	15	0	0					
„ 3	Bearer	15	0	0					
„ 10	23	300	0	0					
„ 17	24	43	16	9					
„ 27	25	499	7	8					
„ 28	26	226	0	7					
„ 29	27	238	1	7					
„ 30	28	29	0	10					
	Balance . . .	862	7	2					
		7,990	0	7			7,990	0	7
Oct. 2	29	500	0	0	Oct. 1	Balance	862	7	2
„ 11	31	6	5	0	„ 4	Cash	500	0	0
„ 12	Pallister	10	0	0	„ 14	Do. per Barnewall .	1,000	0	0
„ „	33	100	0	0	„ 18	Cash	500	0	0
„ „	32	179	6	4					
„ 15	34	1,300	0	0					
„ 19	35	12	0	0					
„ 20	30	3	14	0					
„ 21	36	500	0	0					
Nov. 1	Int. on loan to 31st ult.	20	11	0					
Dec. 31	Balance . . .	230	10	10					
		2,862	7	2			2,862	7	2
					1842. Jan. 1	Balance	230	10	10

Examinations.

John Taylor, Esq. 3rd June, 1842.

John Taylor, Esq., sworn and examined.

3900. Do you recollect Mr. Cutbill having come up to make any communication to you in the director's room in consequence of anything which had occurred with De Berckem?—Yes, I do; it was on the 21st of July. The day previously to that it had been agreed that we should lend Mr. De Berckhem 4000*l.* upon the security of Exchequer Bills. I was the first of the directors that arrived at the Bank, and while I was sitting there he came up to me and told me that De Berckem had been there with the 4000*l.* Exchequer Bills, and he had given him the money, but, he said, "I was quite astonished to find that he had brought a large packet of of them." My remark was, "It is very odd he should have so many of those Exchequer Bills. I hope everything is right: have you got them?" I looked at those four Exchequer Bills, and then went down to the trustees' drawer, which I opened, and took those we had previously received and examined them, and I remember making the remark, "Oh, they are all right; the stamp is right, look at it."

3901. Did anything occur to you about the signatures?—We examined them, and we thought there was a difference in the signatures; we thought they varied, but not being conversant with the examination of signatures, it did not appear to me sufficiently different to excite suspicion. Subsequently to that, on that very same day, Mr. Cutbill went into the country. I did not see him again till we met at Blackwall; I came home in Mr. Oxenford's carriage with Mr. Cutbill; a conversation respecting the Exchequer Bills again arose, and I think it was Mr. Oxenford said, "Let us go up to the Exchquer Bill Office and make inquiries; I see no reason why we should have any doubt:" and it was agreed, as we were returning home, that Mr. Oxenford and Mr. Cutbill should go up to the Exchequer Bill Office on the following day.

3902. You did not acccompany them?—I did not.

3903. Have you any personal knowledge of De Berckem?—No, I do not know him personally?

3904. Were those loans made in the ordinary way of business in which bankers advance money to customers?—They appeared to me so always.

3905. The rate of interest appears to be rather large; was there any communication with you personally on that subject, or was it managed by Mr. Cutbill?—That was generally managed by Mr. Cutbill; but the rate of interest was high at that time. We were getting four and a half on our loans in general, and therefore five and a half did not appear an extravagant rate of interest.

3906. Did it occur to you that he might raise money by selling the bills?—No; it is a very common thing to borrow money on stock, and pay a greater interest on stock.

3907. Stock is not so convertible?—No; but it is also common on Exchequer Bills for a temporary purpose.

3908. Is it common to renew those loans at the same rate of interest?—No, only 15 or 30 days. I believe most of the other loans were for 15 days.

3909. Is it common to renew in those cases where the loan is on Exchequer Bills, so that the money is outstanding a long time together?—That is very common.

3910. Do you speak from your own experience in that respect?—Yes.

3911. If the loan is made for a short period, would not the circumstance of the loan remaining out for a long period, and the borrower being content with that course of the transaction, paying an interest exceeding that which Exchequer Bills bore, be a circumstance of a remarkable description?—It did not excite any suspicion in my mind at that time.

3912. Was the suspicion which had been excited by the production of a large packet of bills dissipated by finding that the bills you had had from him appeared to be genuine?—It was dissipated by that circumstance certainly.

3913. This being in possession of so large a number of bills had excited a strong suspicion in your mind?—The suspicion which arose in my mind when I heard of so large a quantity of bills being in his possession was not that the bills were spurious, but that they had been fraudulently obtained.

3914. That would not be dissipated by finding that the bills you had were genuine?—That did not occur to me at the moment; but having had the bills verified at the Exchequer Bill Office, all suspicion was dismissed from my mind.

3915. Both as to the suspicion of misapplication and the forgery of the bills?—The other suspicion did cross my mind at the time, but it made no permanent impression upon my mind.

[*The Witness withdrew.*]

Edward Oxenford, Esq., sworn and examined.

E. Oxenford, Esq.

3916. You are a director of the Commercial Bank?—I am.

3917. You introduced De Berckem to the bank, did you not?—I did.

3918. Had you been long acquainted with him?—I was in Brazil in the year 1826, and Mr. De Berckem was sent out to me as a confidential clerk.

3919. Was he recommended or introduced to you by men who knew him?—He was sent out to me by the board of directors.

3920. You were connected with a Brazilian mine?—Yes.

3921. Had you an opportunity of seeing him for any length of time?—I had an opportunity of seeing him. A year, I think, he was with me.

3922. For the course of that time did he conduct himself to your satisfaction?—He did.

3923. When you came home here, in what situation did you find him?—When I came home he remained in Brazil.

3924. When did you obtain any knowledge of him here?—I returned to Brazil, and there I knew him again.

3925. In what capacity?—At that period he had purchased a mine of his own, and was working it.

3926. Do you speak of Francis de Berckem?—Yes.

3927. Did you know the father?—I knew the father only after my return, in consequence of having been acquainted with the son.

3928. After De Berckem came back and began to act as a broker in London, did you see him again?—I used to see him, but had no intercourse with him.

3929. In what situation was he then?—I believe he was on the Stock Exchange.

3930. What was the particular occasion of your introduction of him at the bank?—Mr. De Berckem called on me one afternoon, and asked me whether the bank would advance money on Exchequer Bills; I told him that the bank would advance money only to their own customers. He then asked me if he should open an account at the bank, whether the bank would be inclined to advance him money on Exchequer Bills. I told him I would introduce him on the following day to the manager of the bank, with whom he might make any arrangement he could. On the following morning he called on me, and I took him to the manager of the bank; I took him to the managers'-room, and I quitted them, that they might make any arrangement with regard to business.

3931. At that time, or any other, did De Berckem explain to you at all what was his line of business, or how he became possessed of Exchequer Bills, and was anxious to raise money upon them, or what was his position with regard to money matters?—He gave me to understand that those Exchequer Bills came from Monsieur Thiers. I do not mean to say that he said so; but he gave me the impression that they came from Monsieur Thiers.

3932. Was that after he was introduced to the bank?—Yes.

3933. When he first asked you whether your bank would advance him money on Exchequer Bills, did he give you any statement how he came by them?—He did not.

3934. Nor as to his circumstances?—No; he merely asked whether the bank would advance money on Exchequer Bills.

3935. When transactions went on and became larger, had you further communication with him?—I had.

3936. Did he then explain to you how he became possessed of the Exchequer Bills?—He gave my mind the impression that those Exchequer Bills came from Monsieur Thiers, the French minister.

3937. About what time was that?—I think it was in May I introduced him to the bank, and I suppose this was a month or two afterwards.

3938. Had he explained what was the nature of the operation which made it worth his while to raise money upon the Exchequer Bills, rather than take them into the market?—No; I did not go into that at all.

3939. Did it not occur to you as rather a singular proceeding, that a man should go on for a considerable time with that operation, paying a high interest on a loan, rather than realizing the value of the Exchequer Bills?—No, it did not, for the Bank of England had been in the custom, before that period, of advancing money on Exchequer Bills at six per cent. by advertisement.

3940. For what period?—For a fortnight or a month, or whatever it might be, I imagine.

3941. When a loan assumes the character of a permanent loan of money at five or five and a half per cent., which loans, though for a short period, when continually renewed assume, did not that strike you as an extraordinary transaction?—No, it did not. It would have been different if he had come to us, and asked us to advance money from May to October on Exchequer Bills; that probably might have struck us; but when a person goes on from 14 days to 14 days, it does not strike one as at all singular.

3942. What was the particular designation of the mining company by which De Berckem was sent out?—The Imperial Brazil Mining Association.

3943. Was Mr. Mariner connected with that company?—No; he was connected with the National Brazilian Mining Association; it is not the same.

3944. In what year did you know De Berckem to be connected with this mining company?—In the year 1826 he was sent out to me as a confidential clerk.

3945. He was afterwards engaged on his own account?—When I returned to Brazil again, I found him working a mine on his own account. I think that might be in the year 1830, but I am not certain.

3946. You went up with Mr. Cutbill to the Exchequer Bill Office?—I did.

3947. Can you describe the position of the office to which you first went?—At first we went to an office, I think it is either one or two stories high, in the Exchequer Bill Office, where we found a gentleman. We produced the bills, and asked him whether those bills were genuine; and this gentleman produced a book, and looked at the book and said, "I should say they are genuine." I said, "Is that the signature of Lord Monteagle?" He answered, "Other people sign Exchequer Bills besides Lord Monteagle." Mr. Cutbill said to him, "Looking at the figures, the paper, and the general appearance of the bill, should you say it is a genuine bill." He said, "Certainly I should; but," he added, "If you wish more information you had better go to," I think, "the Exchequer Bill Issuing Office," which was below stairs in the house next door. When we quitted that office we were in doubt whether to go, as the informa-

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tion appeared so satisfactory; but we said, "As we are here we will go." We found two gentlemen at the other office, and asked whether the bills were genuine. They seemed rather surprised: they kept us nearly half an hour, and they came out and said, "You may be perfectly satisfied, the bills are genuine."

3948. You do not know the names of the gentlemen who were there?—I do not.

3949. Should you know them again if you were to see them?—I do not think I should.

3950. Have you had any conversation with De Berckem on the subject of Exchequer Bills?—I have seen him, and have had conversation with him; but I have not had any conversation with him on that subject. I have avoided it, and avoided him.

3951. The course of your bank is, that every day one or more of your directors, in turn, sit as a sort of committee?—It is.

3952. Since it has been stated that these bills are not genuine, has the bank ever taken any steps to recover the amount from Mr. De Berckem?—The bank wrote to Mr. De Berckem to make their claim.

3953. They have taken no legal measures?—No; for the bank trusted the Government; they did not trust Mr. De Berckem.

3954. You have not seen Mr. De Berckem lately?—No.

3955. You cannot tell where he is now living?—I cannot.

[*The Witness withdrew.*]

Mr. *Joseph Nathan* sworn and examined.

Mr. J. Nathan.

3956. Are you in business?—Yes.

3957. What is your business?—I am a commission agent.

3958. Do you remember going to the house of Masterman and Co., to make any proposition to them respecting a loan of money?—Yes, I do.

3959. Can you state the date?—I cannot; I suppose it must have been in the month of October; I called on Messrs. Masterman to ask them whether they would lend on Exchequer Bills to the amount of 5000*l.*, and at what rate of interest: they hesitated about saying anything, and I said, "Then I would name it six per cent,

3960. For what period of time?—For three months—that they should be deposited with them for three months.

3961. What was their answer?—Their answer was, "No; they did not think anything of it; they did not like it."

3962. What else passed?—Then I took them back again, and gave them into the hands of the parties who gave them to me.

3963. Who were those parties?—Mr. De Berckem.

3964. Mr. De Berckem alone?—Yes.

3965. What had passed between De Berckem and you, relative to this transaction, before you went to Masterman's?—I was sent for by Mr. Mariner.

3966. Who is Mr. Mariner?—He is secretary to one of the mining companies: I made his acquaintance at Gravesend, and we visited each other, but I never had any general business with him till one morning I was sent for by him, and I went to him, and he introduced me to Mr. De Berckem, and told me Mr. De Berckem might put some little commission in my way.

3967. Had you known De Berckem before?—I had merely seen him. I went over with Mr. De Berckem to his counting-house; he then said, "I know you are acquainted with a number of your persuasion who are monied men: do you think you could get a loan of money on Exchequer Bills?" I said, "Why, as it was a new article of commerce to me, I would make some inquiry of my friends," and I did so. He then told me I might offer them at six per cent., even six and a half. I said, "What am I to gain by it?" and I understood him to say a half per cent; the half per cent. I understood to be on the transaction. He said, "If you can get any portion done, you can get 60,000*l.*;" 60,000*l.*, I thought, was 300*l.* I applied to Rothschilds.

3968. Was this conversation with De Berckem shortly previously to your conversation with Messrs. Masterman?—Yes, perhaps only a few hours. I applied to different parties, and applied at the same time to Messrs. Masterman, but I had not the Exchequer Bills in my possession till the next day, when I said, "There is no use in my applying to parties unless I have the article in my possession." He said he could not get them at that moment; that he was to get them from the parties; and the next day he produced 5000*l.*, and I handed them over to Mr. Masterman to ascertain whether he would do them.

3969. You have an account with Mastermans?—I have a small account.

3970. Did De Berckem tell you for what time the money might be employed?—They were to be deposited for three months, but that the same numbers must be returned.

3971. Did not that appear to you a singular stipulation?—The fact was, I never had had a transaction in such business, therefore I did not know that it was strange.

3972. Did you happen to mention to Mastermans what he said about the same bills being returned?—Yes, I mentioned it at the same time, but they declined doing it at all.

3973. Did they decline doing it before you mentioned that circumstance?—Yes, they declined it entirely when I first presented myself with the Exchequer Bills to them. Then I applied to Messrs. Rothschild, and I applied to Mr. Haes; he would have done 10,000*l.* at six and a half per cent.; he told me so the afternoon prior to his altering his mind.

3974. The first time you saw him he was willing to have done 10,000*l.* on those terms, but you saw him again the next morning?—Yes, he desired me a few minutes afterwards to call in the morning, and he would give me a final answer. I did call, and he said, "I have been

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thinking of this thing, and I do not much admire it." I said I did not understand it; I thought it would be a very good thing. He said, "The question I put to you yesterday was to be well understood. Who is your principal?" I said, "I will go and fetch him;" and I fetched Mr. De Berckem. Mr. De Berckem spoke to Mr. Haes upon the subject, then Mr. Haes declined it: he said, "I do not like the transaction; it does not appear well." And he called me, and said that he should have nothing to do with it.

3975. Was anything said to him about the condition of returning the same bills?—Yes, I told him specially the same bills must be returned.

3976. At the time that Masterman and Co. declined having anything to do with it, had they heard that De Berckem was the party?—No; I made an application also to Messrs. Rothschild.

3977. What passed upon that occasion?—They told me to call once or twice, and after reconsidering, they said they had rather decline it.

3978. Before they declined it had they heard the name of the principal?—No.

3979. Had they heard the stipulation about returning the bills?—No; I think there was no stipulation to that effect mentioned. I merely asked them whether they would do such a thing.

3980. De Berckem told you that you might have transactions perhaps to the extent of 60,000*l.*?—Yes, to the extent of 60,000*l.*; and I calculated that would be 300*l.* commission.

3981. Did he make any other statements of that kind?—No; the next morning when I saw Mr. De Berckem, and he showed me the newspaper, and said, "See what you have done by going to Mr. Haes. I told you not to go to the Stock Exchange gentlemen; and Mr. Haes is a pump." He said, "I shall lose 1000*l.* a-year by this business." That was the morning after the conversation I had had with Mr. Haes; there was something relative to the transaction in the paper.

3982. Was Mariner present during your conversation with De Berckem when you were first introduced to him?—The first morning he was.

3983. Was he present when De Berckem said you might have 60,000*l.*?—He said, "Mr. Nathan, you are acquainted with a number of monied men of your persuasion, it is very likely you might be able to get a good deal of money; I am willing to put you into some little commission."

3984. Mariner said that?—Yes.

3985. Was Mariner present during the whole of your conversation?—No; I left Mr. Mariner speaking with Mr. De Berckem, and went over there.

3986. Was Mariner present when De Berckem spoke of having back the same bills?—No; in fact I believe Mr. De Berckem got them from Mr. Mariner, as far as I could understand.

3987. Did you understand that from what passed between them at the time?—From what passed between Mr. De Berckem and Mr. Mariner at the time.

3988. You have no connection with any of the bills referred to in the schedule to this Act of Parliament?—None at all. I stated to Mr. Haes and the other gentlemen that I had nothing at all to do with it.

[*The Witness withdrew.*]

Adjourned till Monday next at 12 *o'clock.*

MONDAY, 6th June, 1842.

The EARL of DEVON in the Chair.

6th June, 1842.

A Letter signed J. W. Scott, dated Bartholomew-lane, 18th January, 1842, addressed to Z. Nash, Esq.; a letter signed Henry Darvill, Esq., addressed to Mr. J. W. Scott, dated Windsor, 24th January, 1842; and a letter signed J. W. Scott, addressed to Henry Darvill, Esq., dated 31st January, 1842, were read.

Sir James Shaw, Bart., sworn and examined.

Sir J. Shaw, Bart.

3989. Your name appears in the Schedule as the holder of certain documents, have you any memorandum of the numbers with which you are connected?—I have. I have the bills themselves, 40 in number, they are enumerated in the letter of Lord Monteagle; there are two sets, one of March, 1841, 35,000*l.*, and the other set of June, 1841, 5000*l.*, Nos. 8271, 8272, 8273, 8300, 8301, 8302, 8303, 8314, 8315, 8316, 8317, 8318, 8354, 8355, 8356, 8357, 8358, 8359, 8360, 8361, 8362, 8363, 8442, 8443, 8444, 8447, 8448, 8449, 8450, 8451, 8452, 8,453, 8454, 8455, 8456, of March, 1841; and Nos. 7077, 7078, 7079, 7080, and 7081, of June, 1841. (*The bills were delivered in.*)

3990. Have you brought with you any account?—I have brought an account of the dates of of the bills, the advances which were made upon them when first deposited, and the different periods for which the loans were continued.

3991. Does this contain a true and correct account of your transactions with Mr. J. W. Scott, the broker, with reference to the 40 bills set down to your name in the Schedule?—It does; it is made out by my first clerk, who is here.*

3992. Have you yourself compared it with your books?—I have.

The same was read as follows:—

* Examined, *post*, pp. 231, 290.

(A.)—STATEMENT of the EXCHEQUER BILLS deposited with Sir James Shaw, Bart., Chamberlain, as Security for Advances, remaining in his hands on 21st of October, 1841.

Numbers of Bills.		Dates of Bills.	Amounts advanced.	When first deposited.	Period.	Rate per Cent.	Continued.	Continued.	Continued.	Continued.	Remaining in Hand.	
Exchanged for												
5843	8442											
—4	—3	3 | 1000	15th Mar., 1841.									
—5	—4											
17th June.												
	8271											
	2											
	3			£10,000	16th April, 1841.	One month, to 17th May.	5 per cent.	To 31st May, 5 per cent.	To 27th July, 5 per cent.			
	8300				No. 1.			No. 2.	No. 5.			
	1	7 | 1000	15th Mar., 1841.							To 27th Sept., at 4½ per cent.	To 27th Nov., at 5 per cent.	15 | 1000 £15,000
	2									No. 6.	No. 11.	
	3											
	7077 to 7081	5 | 1000	16th June, 1841.	£5,000	28th June, 1841.	One month, to 27th July.	5 per cent.	. .	. .			
					No. 3.							
	8447 to 8456	10 | 1000	15th Mar., 1841.	£10,000	7th July, 1841.	14 days, to 21st July.	5 per cent.	To 21st Sept., 4½ per cent.	To 21st Oct., 5 per cent.	To 21st Nov., 5 per cent.,	. .	10 | 1000 £10,000
					No. 4.			No. 9.	No. 10.	No. 14.		
	8359 to 8363	5 | 1000	15th Mar., 1841.	£5,000	7th September, 1841.	One month, to 7th October.	5 per cent.	To 7th Nov., 5 per cent.	. .	. .	. .	5 | 1000 £5,000
					No. 7.			No. 12.				
	8354 to 8358	5 | 1000	15th Mar., 1841.	£5,000	9th September, 1841.	One month, to 9th October.	5 per cent.	To 9th Nov., at 5 per cent.	. .	. .	. .	5 | 1000 £5,000
					No. 8.			No. 13.				
	8314 to 8318	5 | 1000	15th Mar., 1841.	£5,000	21st October, 1841.	One month, to 21st November.	5 per cent.	. .	. .	. .	. .	5 | 1000 £5,000
					No. 15.							
January 31st, 1842			£40,000									£40,000

NOTE.—The Numberings beneath the braces refer to those on the Brokers' Contracts or Tickets.

3993. The books from which this account is made out are here?—The books from which this is made out are in the possession of my first clerk, who is now here; this is a copy of my accounts, (*producing the book*); probably I should mention that the late Chamberlain put the management of the applications of his balances into the hands of his chief clerk, who was in the office 35 years, a very able man; he unfortunately died last year; his son succeeded him, and is his executor, and is in possession of all his father's books; this is a copy of all the transactions on Exchequer advances made by me from the balances in my hands. That book shall be at the service of the Commissioners for examination, if they think fit.

3994. Will you favour the Commissioners with a statement of the manner in which those transactions began and were continued?—Mr. Scott's father was the chief clerk, for above 30 years of the late Chamberlain; upon the death of the late Chamberlain and my appointment to fill the situation of Chamberlain of London, the character of Mr. Scott, the chief clerk of the late Chamberlain, was so well known to me, and so high in the estimation of the Corporation, I re-appointed him my chief clerk; and finding that he had the management of all the balances of the late Chamberlain, that he kept the account of them, and was allowed for the trouble he had in that respect, 200*l.* a-year by the late Chamberlain, I appointed Mr. Scott to act precisely in the same situation by me as he was appointed by the late Chamberlain to act by him as first clerk, and having the management of the balances; when I say the management of the balances, I mean that he kept the account of them; the books were kept by him, and he delivered to me an account quarterly of the profits of those balances; the books kept by the late Mr. Scott who so acted for the late Chamberlain, and so acted for me, will be produced to you by the executor, the son, who is now in attendance.

3995. When did your transactions with regard to these Exchequer Bills begin?—I think they began in April, 1841, that is with regard to the 40,000*l.* bills in the Schedule.

3996. How did your connexion with Mr. Scott, the broker, commence, and under what circumstances?—The connexion commenced in November, 1839. I advanced 10,000*l.* at that time at 6½ per cent., and I advanced Messrs. Gurney, bill brokers, previously to that, in 1838, 30,000*l.* at 6 per cent.

3997. On what security?—On the security of the very best bankers' bills. I was recommended to the Gurneys by my own bankers, Messrs Robarts, Curtis and Company, who stated to me that he himself, and all the bankers in London at our end of the town, were in the habit of doing so. On the 26th of November, 1839, I advanced 10,000*l.* to J. W. Scott, the broker, at 6½ per cent., and another 10,000*l.* on the 19th of December at 6 per cent.; these were repaid in February, 1840.

3998. Was the first of these advances on the application of Mr. Scott to you?—Yes.

3999. What was Mr. Scott's statement to you at the time?—Mr. Scott's statement to me was simply that he had Exchequer Bills that he could lend to me, if I had money to spare, at 6½ per cent., and subsequently at 6 per cent.

4000. He did not name for whom he was acting?—He did not.

4001. At what time did you first hear the name of his principal?—I first heard the name of his principal after Beaumont Smith was taken into custody. I sent to the broker immediately to know from whom he had those bills, desiring him to prepare himself immediately to go up to the Exchequer Office with my first clerk with the bills to have them examined; my first clerk, who is here, will state what passed. I sent the broker and young Scott, his father being then very unwell; the father went up the first day, but he found himself so deaf he could not hear what passed, and his son went up the next day with the broker, and they communicated to me what had passed; and that communication they will state.

4002. Can you give the date when they were sent up?—It was immediately after the promulgation, the very instant it was known.

4003. What took place next?—They brought away the bills. I am not aware that they were asked to leave the bills.

4004. Was this after the Government notice of the 29th of October requiring the public to carry in their bills to be examined?—No, my bills were sent up before that notice, immediately on its being known that there was something wrong. I sent them up immediately, being quite alarmed.

4005. Were they sent up again after the Government notice to be examined with the counterfoils?—They were examined with the counterfoils the first day; they were sent up twice, on two successive days; they were not able to examine them the first day.

4006. Both those days were previous to the Government notice?—Yes.

4007. The bills were brought back to you, and have been in your possession ever since?—Yes; on the first day they were sent up it was suggested by the broker that he should put his initials upon them, in order that he might be able to speak to them; and when I sent the March bills, which I have not hitherto mentioned, when they were advertised to be taken in to be exchanged, I was advised, having taken advice upon this subject, to send up these bills, and to demand payment.

4008. Did you do so?—I did.

4009. What answer did you receive?—Young Scott, my first clerk, who took them up, will state what passed. A letter accompanied them.

4010. Have you got a copy of that letter?—No, I have not it with me here.

4011. The Commissioners have before them a letter from you, dated 31st January, 1842, addressed to the Lords of the Treasury; did you receive an answer to that letter?—I did not. I had a letter from Lord Monteagle, stating that he was instructed by the Chancellor of the Exchequer to request that I would deliver in the bills; and I wrote in answer that I was advised not to comply with that request.

4012. You say you were advised not to comply with the request of sending in the bills; will you state precisely your reason for taking that course?—Because I wished to retain possession

Examinations.

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of the bills myself. I consider that, under the peculiar circumstances of this affair, which appeared to me a most extraordinary affair, the original bills would be fully as safe in my possession as in the possession of the Exchequer Office, for I must confess I lost all confidence in the Exchequer Office. In the transactions of 1839 and 1840, in the two items of 10,000*l.*, the first interest was at 6½ per cent., continued at 6 per cent., then 6 per cent. Then, on the 21st January, the interest fell to 5½ per cent.; then on 4th February the interest fell to 5 per cent.; and then continued to the 18th February at 4 per cent. On the 19th December a new loan was contracted to the 23d January at 6 per cent., continued to 6th February at 5 per cent.; then to 20th February at 4 per cent. On 8th May, 1840, I advanced 4,000*l.* at 4 per cent., which loan was continued to 10th July. On the 14th May, 1840, 6,000*l.* was advanced at 3¾ per cent. to 15th June. On the 18th January, 1841, 5,000*l.* was advanced for 14 days at 5 per cent., and continued from time to time at the same rate to the 29th April following. On the 1st February, 1840, 5,000*l.* was advanced at 5 per cent. and continued at that rate to 5th May. On the 9th February, 1841, 5,000*l.* was advanced for 14 days at 5 per cent., and continued from time to time to the 13th May at that rate. On the 17th May, 1841, 5,000*l.* was advanced at 5 per cent. to the 25th June. All these loans were repaid, and the bills given up. With respect to the bills which I had in my possession on the detection of the fraud, I have had an account prepared of all the transactions, which account my clerk will hand in to the Commission. (See p. 220.)

4013. Exchequer Bills were deposited to the value?—Yes, to the full value. The broker stated in July, 1841, as the reason that money was exceedingly plentiful just then; "that he could not afford to pay 5 per cent. on those renewals;" and under those circumstances, finding him a very honest, correct man in all my dealings with him, I said, "You may have them at that rate." After that money became more in demand, and I said to him, "If you wish further advance, or to renew these bills any more, I must have the Bank interest; the Bank during the whole year have never charged less than 5 per cent., and my money is as good as the Bank money." The Bank charged invariably during all that time, and to a great extent, 5 per cent.

4014. About what time did that conversation with Mr. Scott take place?—About the 21st July, 1841. Subsequently to that they always paid 5 per cent., which was the Bank interest. The Bank did not charge so little as 4½ per cent.; and I conceded that to the broker in consequence of what he stated, that money was very plentiful, and it would not be convenient to him to renew them at 5 per cent.

4015. From September, 1841, you conformed yourself to the Bank interest?—Yes.

4016. Before that time how was the interest, from time to time, regulated?—By the Bank interest and the state of the money market.

4017. The connexion began with the transaction in November, 1839, when you advanced 10,000*l.* at 6½ per cent.; was that the market rate of interest at that time on a transaction of that kind secured on Exchequer Bills?—I so considered it; the Bank charged 6 per cent. at that time on bills. I got from Messrs. Gurney's 6, and from Messrs. Alexander's 6.

4018. This was a half per cent. more than you got from them?—It would appear that it was a half per cent. on that.

4019. You had rather exceeded the current interest at that time?—It appears it had rather exceeded it. I consider the Bank interest the current interest; but it is very difficult to say what the current rate of interest is. As a proof of that, within these very few days the regular interest in the Stock Exchange was not more than 3 per cent.; and yet a few days ago, such was the scarcity of money upon the Stock Exchange, that 10 per cent. was given upon the security of stock.

4020. Mr. Scott states in his evidence that he transacted a loan in December between you and Mr. De Berckem?—I never had any communication with Mr. De Berckem, nor ever saw the man. The account was kept in my books in the name of Scott. I never knew any other person. I presumed he had a principal, but it has never been the practice in Exchequer Bills to give the name of the principal.

4021. You knew that Scott was acting for a principal?—Of course, because I know he could not have the money.

4022. You are aware, of course, that the ordinary mode of remuneration to a broker under these circumstances is that he should get the difference between the rate at which he lends the money and that at which the principal is to receive it?—I never knew that.

4023. You presume the principal was paying more than 6½ per cent. at that time?—I dare say he was; I presume he was.

4024. From what period was the rate of interest between you and Scott professedly governed by the Bank rate of interest?—It was governed by that entirely, according to that paper, on the 40,000*l.*

4025. From April, 1841?—Yes, but not entirely governed by that, for for two months I had only 4½ per cent.

4026. Was that drop to 4½ per cent. regulated by the course of the Bank at that time?—No, the Bank of England had 5 per cent. It was merely from the statement of Scott that money was very plentiful, and he found he could not let me have a renewal of those bills at a greater interest than 4½ per cent.

4027. In the advances in 1840, was the interest charged in any case as much as 6½ per cent.?—Not in any case. Besides the cases referred to in the year 1840, I had very little operation. On the 8th of May, 1840, I advanced 4,000*l.*, at 4 per cent., and I advanced on the 14th of May 6000*l.*, at 3¾ per cent. Those were repaid and closed, and then began the regular advances at 5 per cent., being the Bank interest.

4028. There were only two operations in 1839?—Just so; two loans of 10,000*l.* each.

4029. The advances in November and December, 1839, were renewed?—Yes, they were not repaid till the 18th of February.

4030. At what interest were those renewals effected?—6½ was the first, then the next 6, then 6, then at 5, then at 4.

4031. At the time of the successive renewals, were the rates of interest the market rates of the time?—They were, according to the information I received as to the state of the market from Mr. Scott, my broker. I knew nothing of the market rate unless when I had money to invest belonging to the corporation.

4032. Had you had previous transactions of the same kind, that is, loans on the security of Exchequer Bills, at any time?—No.

4033. Had you dealings with him as a broker for a considerable time?—Yes, purchases of Exchequer Bills to a large amount.

4034. He had acted for some time as broker for you, and as such had purchased Exchequer Bills?—Yes.

4035. Do you recollect how long he had been in business for himself?—I do not recollect; I think not until I was Chamberlain. The father of my late clerk was a partner in the great banking house of Sir Peter Pole, Down, Thornton, and Free; and the broker's father was a partner in a banking house in the country connected with that house. He was then well known to the respectable banking house of Williams, Deacon, and Company, and was made their broker; and the late Chamberlain, having a good opinion of the whole family, made the son of his brother his chief clerk. The broker's father, I apprehend, was made a broker almost immediately after the failure of that house; he did not live very long, but his father and himself attended to my affairs when I had any stock transactions. This young man was brought up in his father's office, and attended to his business, and I saw more of him than I had seen of his father, and on the death of his father he was immediately sworn in himself as a broker, and transacted the whole business.

4036. Do you recollect how long ago it was that his father died?—I really cannot recollect, but he is a young man of very high reputation, and I have always had the highest opinion of him.

4037. Were those transactions entirely on your own account?—Yes, as Chamberlain of London, I am banker for the corporation, and, as other bankers, I employ the balances at interest upon good security for such short periods as, according to the best calculation I can make, will enable me to meet any demand of the public and of the corporation.

4038. Had it been your habit before to invest in Exchequer Bills?—Yes, to a large amount. All the transactions of the late Chamberlain and myself were through Mr. J. W. Scott, and I had been accustomed to purchase Exchequer Bills, but inconvenience was felt in the purchase from the great change in Exchequer Bills. For instance, when I became Chamberlain, I took all the stock in Exchequer Bills of my predecessor at a valuation, and the price of Exchequer Bills at that time was between 30*s*. and 40*s*. premium. When I had occasion to sell them I found that the valuation had fallen 5*s*., 10*s*., and 15*s*.; therefore I had a loss upon them, and never having any inclination for speculation myself, never having advanced a single shilling in speculation in the whole course of my life, I felt uneasy at those uncertainties, and when I found that I could make my advances on such excellent security as Exchequer Bills, in which there could be no loss of capital, and I could make a fair calculation of the interest I should receive, I considered that I was placing myself in a situation of ease and comfort, and it was on the same principle that, agreeably to the advice of my old bankers, who had banked for me during the whole time I was in business, Robarts and Company, said "Are you not doing wrong in continuing the purchases of Exchequer Bills and purchases of stock?" I found I had made no interest of moment by the one or the other; on the resale the loss took away the chief profit I had. They said, "We would recommend you to lend to Messrs. Gurney and other first-rate bill brokers on loan; all the bankers in London have large sums on loan,—it is the universal practice; we receive only a small interest from them, but then we have the command of our money on an hour's notice." That did not suit me exactly, but I could, giving them my money, engage for 14 days, or a month, or sometimes two months. I should not choose to go further than that.

4039. In the course of your transactions with Scott, did the period of a loan ever exceed a month?—Yes, by renewal it was continued for two months. I think the loan was never had for above one month at a time.

4040. They were renewed from time to time for several months?—Yes; one loan appears to have been continued from April to November, at 5, 4½, and 5 per cent. I never had any difficulty about the money; I gave two days' notice, and received it.

4041. Did it not occur to you as singular that Mr. Scott's principal had so large an amount of Exchequer Bills in his hand?—I never knew whether he had one principal or twenty; it is contrary to the practice to ask such questions.

4042. If you had known he had but one principal should you have considered that material?—I think it would have been.

4043. Was there anything particular in the circumstance that a party should be content to pay 4½ and 5 per cent. on Exchequer Bills which were paying only an interest of 3½?—No; I thought nothing of that.

4044. Would it not be more for a party's advantage to sell than to raise money at that rate for so long a period?—I cannot enter into the feelings of speculative men never having been a speculative man myself, but from what I have heard, I should not have considered that a circumstance of any moment.

4045. During this period during which these loans took place you had a variety of other

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transactions with Scott?—Yes; and he conducted all the dealings in the most proper and honourable manner, I had a very high opinion both of the father and of the son, I believe from every thing I have seen of the young man that a more honourable young man does not exist and he had great credit; the Corporation of London sold to Government some claims they had on package and scavage to the amount of 160,000*l.*, and I went to the Exchequer to receive that money, I paid that into my bankers and commissioned this young man about two o'clock to purchase 3½ per cents., which he did buy and it did not affect the market above an eighth per cent., such was his credit in the market, and I gave him for his payment a draft on my bankers for the whole sum, which I should not have done if I had had any doubt of his fidelity.

4046. Were the terms of the loan in each case settled between you and Mr. Scott personally, or was any other person present?—My chief clerk Mr. B. W. Scott had the management of it; I was always consulted personally; I think all the drafts were signed by myself, but Mr. Scott had the privilege from me when demands for money came in, and I was not in the way, not choosing that any one should be detained for a moment, to sign cheques which were countersigned by the cashier.

4047. No other person is competent to speak as a witness to transactions but Mr. Scott in your office and Mr. Scott the broker?—No.

4048. No document accompanied the transactions?—No; except the broker's note which was deposited on each transaction.

4049. Was the former note withdrawn on a new transaction taking place?—No; the original note remained and there was generally a fresh note.

4050. Where are those notes?—Mr. Scott my clerk is in possession of them.

4051. Were the bills put into your possession in the latter end of 1839 March or June bills?—I cannot say.

4052. The first exchange at the Government Office after the commencement of your transactions would take place in March 1840, at the period of that exchange had you any Exchequer Bills of Scott's in your hands that were of a date then to be exchanged?—I had 10,000*l.* in my hands at that time; I called in 6000*l.* on the 17th of June, and 4000*l.* July the 10th; the bills I gave up in June and July I received in May.

4053. What was your habit with respect to Exchequer Bills deposited with you by way of loan in case of the time of exchange occurring?—I never had any bills that were called in while they were in my possession except 3000*l.* I make this statement from the best of my recollection. The book which I have before me does not contain entries of the exchanges. Finding that this 3000*l.* was advertised, being a very small sum, I sent to Mr. Scott, the broker, to say that he had better give me the money for those 3000*l.* or send me other bills, which would be included in the lot of bills that they belonged to; he sent me other bills, and I think I have the numbers of those he sent me here. This is the statement made out by the deceased Mr. Scott: April 16th, advanced on Nos. 5843, 5844, 5845; 17th June, 1840, 8301, 8302, 8303, and 8271, 8272, and 8273, 15th of March; 10,000*l.* on the 4th of June, the above bills dated in June 1840; 5843, 5844, 5845 dated June, being in course of payment were exchanged for Nos. 8442, 8443, 8444, dated the 15th of March.

[*The Witness withdrew.*]

Mr. *Stephen Nicolson Barber*, sworn and examined.

Mr. S. N. Barber.

4054. You are a stock broker on the Stock Exchange?—I am.

4055. Was an application made to you in October last for a loan on Exchequer Bills?—Yes.

4056. Will you state the particulars?—The particulars as nearly as I can recollect them were these.—Mr. Morgan came to me about the 14th or 15th of October towards one o'clock in the day, and said, "Mr. Barber, as you do a good deal of business with Glyn and Company, who are your bankers, do you think it likely they would lend 30,000*l.* on Exchequer Bills for three months." I said to Mr. Morgan, "I cannot tell, I do a good deal of business with Glyn and Company, I will willingly ask them;" he said, "I will thank you if you will;" I said, "On what terms should you wish to do it;" he said, "I should wish to do it for three months certain at 5 per cent. interest, and I will pay interest once a month. If they choose to do it at less than that you may have that for your trouble, if not, I must give you a commission." I presume a small commission, or meaning a small allowance out of the agreed rate of interest. I began to think that I never had taken a commission for borrowing money on Exchequer Bills and did not wish to take advantage of it, but I went on to Glyn and Company, with whom I am on terms of intimacy, and mentioned the name of Mr. Morgan, stating that he wished to borrow 30,000*l.* on Exchequer Bills, and that if they chose to do it at less than 5 per cent. I was to be allowed the difference for my trouble, but that if not he would allow me something, neither of which I intended to take, and that if they would make him the advance I would bring them the Exchequer Bills on the same terms to him they did it at. They hesitated, and Mr. Edward Mills who was present, said, "Why, Barber, I think there is a difference in lending money for three months, and from day to day; it is locking up the money perhaps during a scarce period; in October, November, and December, perhaps money may be scarce; we lend money to different brokers callable on demand at 4 per cent. If you wish for any yourself you may so have it, but if it is to lock up the money for that time I had rather decline it." I went back to Mr. Morgan and told him they had declined it, he said he was obliged to me and so it ended. The impression I since find it made on Mr. Edward Mills' mind is that it was at six per cent., Mr. Morgan, I recollect, said to me five per cent.

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4057. Have you had any communication with Mr. Morgan on the subject?—I told him that I was summoned, and I asked him what he had said as to the terms of the loan—"Morgan, will you do me the favour to tell me the terms you offered," without telling him my motive, and he said "5 per cent. and a small commission if you did not get anything."

4058. Was that according to your impression before he said that?—Yes, and I said so to Mr. Mills; but Mr. Mills says so positively 6 per cent., that I may have said so; but if I did say so, I did it in error.

4059. Did you consider 5 per cent. as the market rate of interest on Exchequer Bills at that time?—Money at that time was scarce; we were taking money at that time at 4 per cent.; this was to be locked up for a time when it might prove inconvenient, and therefore it was not perhaps unfair, but I never was in the habit of lending on Exchequer Bills for so long a period.

4060. When a broker wants to lend a sum of money on Exchequer Bills, is it usual for him to go to another broker for the purpose?—I do not know that that signifies much, we all mix together in the Stock Exchange; we are lenders of money rather than borrowers, but he never had applied to me before for a loan of this sort.

4061. You are, in short, a money-dealer?—I am.

4062. Did Morgan propose to allow you a commission upon this transaction?—He did, in this way. He said, "If Glynn and Company will feel inclined to lend 30,000*l.* on Exchequer Bills for three months at 5 per cent. all very well; if they will do it at $4\frac{3}{4}$, or something of that kind, you will have a remuneration for your trouble, if not, you shall have a commission equivalent to it." I presume he meant a very small commission, but I did not intend to take anything for it, or to have any concern in the transaction personally for my own advantage.

4063. Is it usual for a broker employed in a loan on Exchequer Bills to go to another broker on the terms of paying him a commission?—I do not thiuk that that can be considered unusual.

4064. If a man wants to raise a sum of money on loan, does not he go to a money-dealer rather than a broker?—He goes to whichever may have money to lend.

4065. Would not he go to the principal lender rather than to a middle man, to whom he must pay a commission?—I think he would; but in this case Mr. Morgan mentioned himself the names of my bankers, who he knew were a monied house. I had not the remotest idea that there was anything incorrect in the transaction, and I never saw the bills; they were never produced to me, he merely asked me whether I thought they would like to lend it: the only discrepancy is, that Mr. Mills considers that I said 6 per cent., but my own recollection is 5; if I said 6, it was a mistake on my part, for Mr. Morgan certainly said 5.

4066. Had you been long acquainted with Mr. Morgan?—Yes, a good while; he is a relation of mine by marriage, but I have not been in the habit of doing a great deal of business with him; the brokers form their own connexions, and keep to their own connexions; brokers are not so much in the habit of dealing with brokers as with jobbers, but he would come to me as a money agent in a special case.

4067. He would not, as a matter of course, come to a broker?—He might or he might not, but there are gradations of brokers; many have a great deal of money to lend, many of them for bankers; a banker perhaps will say to me, "We should be glad if you will go and lend money for us to-day in the Stock Exchange?" I should go myself, and if I found any respectable broker ready to take it, I should be happy to do it. I should take no commission upon it, but there are some brokers to whom we should not lend money at all, their concerns are very small.

4068. Was Mr. Morgan in a large way?—I should say he was in a large way; his accounts were very large in the Foreign House; he was a large operator, certainly very large.

4069. Which Mr. Morgan do you speak of?—I speak of William Morgan, the Senior.

4070. He is not on the Stock Exchange?—He was on the Stock Exchange, but he was unfortunate in some transactions in Spanish stock at the time of the panic.

4071. Edward Lloyd Morgan is on the Stock Exchange?—Yes he is his son.

4072. Is he a partner in the house?—No, the partner in the house is his brother James, the firm of the house is William and James Morgan.

4073. Who were the parties present when this conversation passed between Mr. Mills and yourself?—There was another partner present, who I think was Mr. Hallifax. Mr. Mills offered me money from day to day on demand, at 4 per cent., in preference to lending for so long a time at 5 per cent.

[*The Witness withdrew.*]

The Memorial of Mr. Edward Sherman to the Lords of the Treasury, with the reference to this Board, read.

Mr. *Edward Sherman* further examined.

Mr. E. Sherman.

4074. Have you brought with you the five bills to which you referred in your former evidence, which are not in the schedule?—I have; they are Nos. 6421, 6422, 6423, 6445, and 6493, of June, 1841.

(*The Witness delivered in the same.*)

4075. Do you wish to make any addition to your former evidence with respect to any prior dealings you had had with Mr. Morgan?—I lent Mr. Morgan a sum of money; I had been recommended to lend money to him by people of eminence, and I had a transaction with him, not on Exchequer Bills but on other matters. I find a cheque in the year 1840. I would not

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lend any money to him till Mr. John Barnes, a man of eminence in the Stock Exchange, came to me to say I might lend money to him with safety; and I have the cheque here, which is in Mr. Barnes's writing. I would not have lent the money to Mr. Morgan without; he was a perfect stranger to me.

4076. What was the nature of the security?—I think it was Spanish stock, but it was repaid in three days; then I do not think I had any transactions with him, except some small transactions on Spanish stock, till the transactions in Exchequer Bills as to which I have given evidence.

[*The Witness withdrew.*]

Mr. *Edward Meyer* sworn and examined.

Mr. E. Meyer.

4077. Will you state to the Commissioners the transactions you had relative to any of the Exchequer Bills of which the numbers appear in the Schedule?—On the 29th of January, 1841, I borrowed 15,000*l.* of C. J. Hambro' and Sons; they lent me the money, and De Berckem gave me the bills.

4078. Did you borrow it as agent of De Berckem?—Yes; I saw him, and he said he wanted money; and I said I knew some people who had money.

4079. Are you a member of the Stock Exchange?—No; I was a member; I failed in September, I borrowed, on the 1st of February, 3,000*l.* till the 30th of March, and on the 6th of February 2,000*l.*; those were all with one party, and were all repaid the same day, the 30th of March. I borrowed, on the 21st of April, of Overend, Gurney, and Company, till the 1st of May, 5,000*l.*; that was repaid on the 1st of May. I made a fresh loan, from the 5th of May to the 18th of June, of 20,000*l.*

4080. Have you the numbers of the bills?—I have got the numbers of some of them. I have got the numbers on the 29th of January; they were 5980, 5839, and 5840, 5986 to 5992, 5856 to 5858, 5981 and 5982.

4081. Will you proceed with the detail?—My last transaction was on the 17th of April till the end of September; the 29th of September was mentioned; I borrowed 50,000*l.* more of C. J. Hambro' and Sons.

4082. What is Hambro'?—He is a general merchant; a very rich man.

4083. Did you borrow in your own name, or in the name of De Berckem?—I borrowed for De Berckem.

4084. Did you mention De Berckem at the time?—Yes, I did.

4085. Is it usual to name your principal?—Yes; and Mr. Hambro' knew my circumstances, that I had not anything, and that the bills could not belong to me.

4086. You were to get a commission?—I got sometimes a half per cent. on the interest, sometimes three quarters; if it was for a long period I got a half per cent.; on this business I got a half per cent., which is the usual thing if it is for a long period.

4087. Did De Berckem know you communicated his name as the borrower?—Perhaps he did not know it at Overend and Gurney's, or when the transactions were small; but when the transactions became large I wrote a letter, which I entered in my book. I said, "Borrowed of Messrs. Hambro' and Son so much, for which I charge you so much interest." I sent that note to him.

4088. Was that the first communication to him that his name had been mentioned as the borrower?—Yes; he went with me to Overend and Gurney's; he waited outside the door to know whether the business was done. He knew always where the bills went, which was a proper precaution in case of death. There is a large difference on those bills; therefore it is right he should know where the bills were; and I always told him where they were.

4089. Did he always ask?—No, he never asked; but he was entitled to know it on that account, in case I died or anything happened to me, that he might know where he should find the bills.

4090. Are you speaking now of all the loans?—Yes.

4091. You say at the time the loans were effected he did not know you had given his name as principal?—I have not any evidence in my book that I did tell him, but he always knew where they were; there were only two parties of whom I borrowed, Overend and Gurney's, and C. J. Hambro' and Sons.

4092. How long had you been acquainted with De Berckem at the time of those first transactions?—Four or five years.

4093. Had you had many transactions with him?—When we were both in the Stock Exchange I used to deal with him; we used to deal for the same principals, and we had a good deal of stock to make up.

4094. Did he desire you to go to Gurney's?—No.

4095. Did he desire you to go to Hambro's?—No.

4096. He left it to you to find a lender?—Of course.

4097. What became of those loans?—They were paid off.

4098. And the Exchequer Bills delivered back?—Yes, to De Berckem; he generally went with me; he brought me the Bank notes, and I brought him the Exchequer Bills.

4099. Can you state the rate of interest at which you borrowed the money on these bills?—I borrowed the money at 4¾ and 5 per cent. of C. J. Hambro' and Sons, and at 4½ of Overend and Gurney.

4100. How long did the money remain out on loan?—The longest time it remained out was from the 17th of April to the 17th of September.

4101. At what interest?—At 5 per cent.

4102. Do you recollect the circumstance of Mr. Gurney giving you any advice on the subject of your connexion with De Berckem?—Yes.

4103. What was it?—I went to him a third time to borrow money, and he said, "Oh, whose bills are they?" I told him whose they were. He said, "Well, I advise thee to have nothing to do with them, for they are being hawked about."

4104. At what time did this happen?—It was whilst I had a large loan out, during the time that I had lent 50,000*l.* on them; it must have been between June and September, 1841. I said, "Will you lend me some money?" and he said, "No, friend Meyer, we won't, because it is not worth our while for the quarter per cent. to appear in a court of law." I asked what he meant by a court of law? and he said, "Why these bills may not be got at properly; they are being hawked about."

4105. Had you before told Gurneys whose bills they were?—No, I had not. I had told De Berckem where they were; but I had not told Gurneys whose bills they were till the last occasion.

4106. Had you been long acquainted with Messrs. Gurney at the time of this transaction?—Oh, yes. After the advice of Mr. Gurney I never did a bargain in those Exchequer Bills; and I went to them and thanked them for the advice.

4107. Can you give the numbers of any other of the bills which passed through your hands?—On the 6th of February the numbers were 5828 and 5841. On the 1st of February the numbers were 5843 to 5845; on the 15th of April, 8304 to 8313; on the 17th of April, 8314 to 8318, and 8326 to 8330; on the 20th of April, 8319 to 8323, 8351 to 8353, 8324 and 8325; on the 21st of April, 8331 to 8340; on the 21st of April, 8319 to 8323; on the 1st of May the numbers were 8304 to 8353. There is one circumstance I may as well state to show how I came to be connected with the Bank of England. On the 27th of September (Mr. De Berckem was to pay me off, on the 29th of September, 20,000*l.*) I went to Mr. Hambro', and told him that Mr. De Berckem was going to borrow the money of the Bank of England. He said, "I will trust you with the bills, but I will not trust Mr. De Berckem." I did not know how the Bank lent money on those bills. I said, "De Berckem, I cannot trust you with the bills; here they are; I must borrow money in my name, and I will then transfer them to you." The Bank lent me the money, and I immediately wrote a letter to De Berckem, stating that those bills belonged to him, and begged him to redeem them; and when the last day came he gave me the Bank notes, and I redeemed them, which was the end of October. It might look odd that I should borrow money from the Bank of England for him.

4108. Had Hambro' stated any reason for not trusting him with the bills?—No; but he did not know him at all.

4109. When De Berckem placed the bills in your hands, did he do so with any particular stipulation or direction?—It was always understood that he was to have the same bills back. I knew the fact that he always wanted the same bills back; it was notorious in the Stock Exchange.

4110. Had you ever informed Hambro' that the same bills must be returned?—Yes, I told both Hambro' and Overend and Gurneys that.

4111. How came you to do that?—Because I knew that whenever De Berckem borrowed money upon those bills he required the same bills back.

4112. Do you mean that that was peculiar to him, that he made a stipulation of it more than other people?—Yes, because he told me a circumstance of two bills that had been sold by mistake that gave him a great deal of trouble; he warned me that in case I got bills from him, he must have the same back. I do not know that he said that as to any particular bills.

4113. Was it a general direction that you should stipulate to have the same bills back?—Yes.

4114. In point of fact you did make that stipulation with Hambro'?—Yes, but I did not state that in the letter.

4115. Did you mention that stipulation to Gurney and Company, as well as to Hambro'?—Yes; and David Chapman said to me, "Oh, we never change bills."

[*The Witness withdrew.*]

Anthony Hammond, Esq.
John Guillum Scott, Esq. } sworn and examined.

4116. (*To* Mr. *Hammond.*) You are broker to the East India Company on the Stock Exchange?—Yes.

4117. Mr. Scott is your partner?—He is.

4118. How long have you been brokers to the East India Company?—About ten years.

4119. You, of course, have had a very long and extensive experience on the Stock Exchange?—I have been there nearly forty years.

4120. (*To* Mr. *Scott.*) You have been there for a considerable number of years?—Yes, more than forty years.

4121. (*To* Mr. *Hammond.*) Prior to the discovery of the frauds in Exchequer Bills in 1841, had there been any rumours or suspicions current on the Stock Exchange?—It is impossible I can say; I have been concerned very largely on Exchequer Bills for the East India Company, and never had any thing wrong; some of the Exchequer jobbers told me I could get more interest if I chose to take it.

4122. Had any suspicious appearances, to your knowledge, presented themselves prior to

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the actual discovery?—No more than this, I could not imagine where the parties who borrowed money on Exchequer Bills could get them.

4123. Do you speak with reference to the nature and extent of the transactions, or the character of the parties concerned?—The amount of the transactions. The Exchequer jobbers told me that if I wanted to lend money I could lend it at 5 per cent.

4124. Did you consider that a high rate of interest?—It was quite a matter of bargain; we lend at a very low rate, in consequence of having 10 per cent. over the security, and we pay and receive Bank notes; the loans are generally for drafts, which makes a great difference.

4125. Are you speaking of loans on the security of stock?—Yes, of stock and Exchequer Bills.

4126. What rate of interest do you receive on your loans?—Under the stated market price, whether on stock or Exchequer Bills.

4127. How is the market price on Exchequer Bills governed?—It depends upon the bargain made with the parties of whom we borrow money; there is no regular market price, it is a matter of special contract.

4128. You consider that there is no regular market price of interest on money borrowed on Exchequer Bills?—No.

Mr. *Scott.* It is a matter of negociation between parties; our rates were uniformly lower than the customary rates, having disabilities regarding our loans.

4129. When you say your rates were below the customary rates, does not that imply that there were customary rates?—It would apply more to the party; we have seen one party borrowing at 4 per cent., and the same day another at 5, and another might get his money at 3.

Mr. *Hammond.* At the time I have been lending money on Exchequer Bills at 3 per cent., the rate on bills of exchange has been 6 per cent.

4130. That would tend to show that there was one rate of interest on bills, and another on Exchequer Bills?—Yes.

4131. Is the rate that exists with regard to bills of exchange and stock frequently different from that which exists with respect to Exchequer Bills?—That depends upon the amount of the transaction; a man who had 100,000*l.* to lend, might not be able to obtain the same terms as if he had only 5000*l.*

4132. Is it usual for a party to borrow money on Exchequer Bills at as much as 4 and 5 per cent. for a lengtheued period, those Exchequer Bills bearing only 3½ per cent. or less than 3½ per cent?—We have lent money at 4 per cent. on Exchequer Bills, when they bore only 3 per cent for one month.

4133. Do you consider that in the ordinary course of things such loans would be extended beyond two months?—I have no means of judging.

4134. For six months for instance?—Certainly not.

Mr. *Scott.* Never, within our experience.

4135. If you found a party willing to borrow money at 4 or 5 per cent. on the security of Exchequer Bills for such lengthened periods of time, would that occur to you as a singular transaction or not?—That would depend upon the parties very much; some of the bankers hold nothing but Exchequer Bills; then they borrow money upon those Exchequer Bills to discount bills at a higher rate of interest.

4136. Would it be a natural thing for a party to borrow rather than bring his Exchequer Bills to market?—That might depend upon the party; the banker might not like to bring them to market, he might rather borrow money; we have borrowed money on Exchequer Bills to discount bills at a higher rate of interest: the highest rate of interest I have ever had on Exchequer Bills has been 4 per cent. I think.

4137. For what term?—Two or three months, and then we have continued the loan again.

4138. To what period did the continued loan extend?—Two months again.

4139. How long was the money outstanding?—That is impossible for me to say, I have had such immense transactions, and so many.

Mr. *Scott.* The question went to whether we should consider it singular if we had a loan offered to us on those terms for six months; I can only say that we never had such an application.

Mr. *Hammond.* We should never have entertained such an application; we have lent money for two or three months, but never longer, and then continued it.

Mr. *Scott.* The usual period is two months; it has been three, and it has been one.

4140. You do not consider it as out of the ordinary course that there should be such a loan for a month or two, renewed from time to time to a very extended period?—No, it might go on perhaps two months more, or perhaps two months more than that.

4141. After a time, would not the borrower be a considerable loser by not having brought his bills to sale?—Not at our rates; the maximum of our rates is, I think, 4 per cent., or sometimes 3, and sometimes 2; there could be no loss on our rates.

4142. The question has reference to cases where the rate of interest is considerably higher than that which the Exchequer Bills bear?—Mr. *Hammond.* I should not entertain that. The orders I have had from the Company have been security rather than any thing else; the parties borrow the money direct from the Company, the loan is in the Company's name; sometimes they have 100,000*l.* over security.

4143. When a broker wants to raise a sum of money by loan of Exchequer Bills, to what kind of party does he generally resort for the purpose,—to a money dealer?—To people who have money, not to dealers, for a dealer would interfere with him; we should go to a banker, or to the joint-stock banks.

4144. Is it usual to go to another broker on the Stock Exchange?—Often.

4145. If he goes to another broker on the Stock Exchange, he must pay a commission?—Yes, and they divide it in that case, I believe, but I have never done that. But brokers exercise care as to their principals. If I were borrowing for A., I should not wish B. to know that I was borrowing for him.

4146. It is not usual to name the principal?—We do in our transactions, it is safer for the broker. At the time the fraud was discovered we had a large quantity of Exchequer Bills, belonging to the Company, and if they had been spurious they would naturally avail themselves of our evidence.

4147. It is usual you say for a broker who wants to borrow money to go to another broker?—Mr. *Scott.* Yes, for he might have friends who had money.

Mr. *Hammond.* The broker might have money to lend for a principal, so that two brokers meeting would accommodate each other.

4148. In your experience is it usual to give as much as 6 per cent. on loan of money secured by Exchequer Bills?—Mr. *Hammond.* We have never done it.

4149. Is it usual?—Mr. *Scott.* We have never met with it in our own experience.

4150. Is 5 per cent. your ordinary practice?—Mr. *Hammond.* If a man came to me and offered to borrow money at 6 per cent. for a period on Exchequer Bills, I should refuse it, because I have no doubt, going in the market, I should be able to buy the Exchequer Bills cheap.

Mr. *Scott.* I should think that men in such a situation would be obliged to sell the bills as long as there was a market. If a man offered at 6 per cent., I think I should do better by buying Exchequer Bills in the market, and that by doing so I should make better interest.

4151. If loans were made on Exchequer Bills for a month, and renewed and continued outstanding for five or six months, at a rate considerably exceeding that which Exchequer Bills bore, would that excite your suspicion of the person with whom the borrower was thus dealing?—Mr. *Hammond.* I should say certainly not for a month.

Mr. *Scott.* I should say not, if it was renewed from time to time.

4152. If the original period was five or six months, you would consider that suspicious?—Yes.

4153. But you would not consider it suspicious if it were for one month, renewed from time to time to five or six months?—No.

4154. Would it be so if continued for a year?—Not if renewed for two months at a time.

4155. Would there be no time at which that transaction would appear suspicious, suppose it continued for two or three years?—I should be greatly surprised.

Mr. *Hammond.* The only suspicion I should have about it, in case of its continuing that length of time, would be, that the bills had been locked up by some person, and improperly used. I should certainly ask why the bills continued lent so long?—why they did not sell the bills?

4156. Can you say after what period you should ask that question?—No, that must depend on the parties. When I heard of the late transactions I thought that the bills had been lodged as a security.

4157. That there had been a breach of trust?—Yes, I had no idea of a forgery.

Mr. *Scott.* We considered that they must belong to some public body. A question has been asked me on a former occasion, how it could have happened that we, having so large a concern for the East India Company, never had any of those bills in our possession? My answer to that has been—It is impossible to say, but it did so happen. But if I had known then what I have known since it would not have created so much surprise, as there were but 22,000*l.* of these sold in the market. The others were all on loan.

[*The Witnesses withdrew.*]

Mr. *Benjamin Scott* sworn and examined.

4158. You are clerk to Sir James Shaw?—I am.

4159. How long have you been so?—Twelve years,—ever since he has been Chamberlain.

4160. You have lately succeeded your father as chief clerk?—I have.

4161. Sir James Shaw has put in an account, which he states to have been made up from his books, was that account made up by you?—It was.

4162. Have you got your books with you?—I have; I have made it out principally from the original contracts.

4163. Do you produce the original broker's tickets?—Yes (*producing the same*).

The same were read as follow:—

No. 1.

"Borrowed of Sir James Shaw, Bart., £10,000, on Exchequer Bills, as security, until the 17th May next, at 5 per cent.

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No. 5843 — 4 — 5	3 | 1000.	17 June	Exchanged for 3000, dated 15 March.
8271 — 2 — 3 8300 — 1 — 2 — 3	7 | 1000.	15 March.	8442 — 3 — 4 } 3 | 1000 4 June, 1841. J. W. S.

London, 16 April, 1841.

J. W. Scott."

No. 2.

" Sir James Shaw, Bart., Cr., Interest on £10,000, advanced on Exchequer Bills, at 5 per cent., from 16 April, to 31 May, 45 days, £61. 12*s.* 9*d.*

31 May, 1841.

J. W. Scott."

No. 3.

" Borrowed of Sir James Shaw, Bart., £5000., on Exchequer Bills, as security, at 5 per cent., for one month. 26 or 28 July.

No. 7077 to 7081. 5 | 1000. 16 June.

London, 28th June, 1841.

J. W. Scott."

No. 4.

" Borrowed of Sir James Shaw, Bart., £10,000 on Exchequer Bills, as security, for 14 days (21st instant) at 5 per cent.

London, 7 July, 1841,

J. W. Scott.

No. 8447 — 8 — 9 —50 — 1 — 2 — 3 — 4 — 5 — 6 } 10 \| 1000. March 15th, 1841."

No. 5.

" Sir James Shaw, Bart.,—

	£.	*s.*	*d.*
Interest at 5 per cent. on £10,000, from 31st May to 27th July, 57 days	78	1	6
Interest at 5 per cent. on £5000, from 28th June to 27th July, 29 days	19	17	1
Interest at 5 per cent. on £10,000 from 7th July to 21st July, 14 days	19	3	6
	£117	2	1

London, 24th July, 1841.

J. W. Scott."

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No. 6.

"Borrowed of Sir James Shaw, Bart., £15,000 at 4½ per cent. on Exchequer Bills, as security, until the 27th September. (Twenty-seventh.)

London, 27th July, 1841,
J. W. Scott, Broker.

No. 7077 to 7081	5 | 1000	16th June	
No. 8271	8300		
— 2	— 1		
— 3	— 2	10 | 1000	15,000"
	— 3	15 March	
8442			
— 3			
— 4			

No. 6*a*.

"Interest on £15,000 from 27th July to 27th September, 62 days, 4½ per cent., £114 13 0

London, 27th September, 1841,
J. W. Scott."

No. 7.

"Borrowed of Sir James Shaw, Bart., £5000 on Exchequer Bills as security, at 5 per cent. interest *till 7th October.*

No. 8359 to 8363. 5 | 1000. 15th March.

London, 7th September, 1841,
J. W. Scott."

No. 8.

"Borrowed of Sir James Shaw, Bart., £5000 on Exchequer Bills, as security, at 5 per cent., till 9th October, Exchequer Bills, No. 8354 to 8358. 5 | 1000. 15th March.

London, 9th September, 1841,
J. W. Scott."

No. 9.

"Borrowed of Sir James Shaw, Bart., £10,000 at 4½ per cent. on Exchequer Bills, as security, No. 8447 to 8456. 10 | 1000. 15th March. Until the 21*st September next.*

London, 21st July, 1841,
J. W. Scott."

No. 9 *a*.

"Interest on £10,000 lent on Exchequer Bills from 21st July to 21st September, 62 days, at 4½ per cent., £76 8*s*. 1*d*.

London, 21st September, 1841,
J. W. Scott."

No. 10.

"Borrowed of Sir James Shaw, Bart., £10,000 on Exchequer Bills, as security, for one month, 21st October, at 5 *per cent. interest.*

No. 8447 to 8456. 10 | 1000. 15th March.

London, 21st September, 1841,
J. W. Scott."

No. 11.

"Borrowed of Sir James Shaw, Bart., £15,000 on Exchequer Bills, as security, at 5 per cent., for two months, 27th November.

Nos. 7077 to 81. 5 | 1000. 16th June.

8271		
— 2		
— 3		
8300		
— 1	10 | 1000.	15th March.
— 2		
— 3		
8442		
— 3		
— 4		

London, 27th September, 1841,
J. W. Scott."

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No. 12.

" Borrowed of Sir James Shaw, Bart., £5000 on Exchequer Bills as security, (No. 8359 to 8363. 5 | 1000. 15th March) *for one month*, 7th November, 5 per cent.

London, 7th October, 1841,

J. W. Scott.

" Interest, 30 days at 5 per cent. on £5000 . . . £20 10*s.* 11*d.*
7th September to 7th October, 1841."

No. 13.

" Borrowed of Sir James Shaw, Bart., £5000 on Exchequer Bills, as security, at 5 per cent,, for one month, 9*th November*.

No. 8354 to 8358. 5 | 1000. 15th March.

London, 9th October, 1841,

J. W. Scott.

Interest from 9th September, 30 days, at 5 per cent. on £5000 . £20 10*s.* 11*d.*

£.	*s.*	*d.*
20	10	11
20	10	11
£41	1	10

No. 14.

" Borrowed of Sir James Shaw, Bart., £10,000 on Exchequer Bills (continued from this date) at 5 per cent., for one month, 21st November.

No. 8447 to 8456. 10 | 1000. 15th March.

London, 21st October, 1841,

J. W. Scott.

30 days' interest, 5 per cent., from 21st September, £10,000 . . £41 1*s.* 10*d.*

21st October, 1841."

No. 15.

" Borrowed of Sir James Shaw, Bart., £5000 on Exchequer Bills as security for one month 21st November, at 5 per cent.

No. 8314 to 18. 5 | 1000. 15th March.

London, 21st October, 1841,

J. W. Scott."

Mr. *Scott.* The entries will be found to correspond with the transactions; there were no tickets given on the continuations, but there were when interest was paid.

4164. Those transactions did not take place during the time you were chief clerk, but in the time of your father?—Just so.

4165. In referring to your books, you are referring to books kept by your father, who is dead?—Yes.

4166. You have looked through the books and accounts and they appear to you to be accurately kept?—Yes; they are all in my father's handwriting; I have with me the books containing the account between the Chamberlain and his banker and between the Chamberlain and his broker (*producing the same*).

4167. The account now shown to you which has been produced by Sir James Shaw is an account truly and correctly made out from the books kept by your late father?—Yes.

4168. Have you brought with you the cheques by which the payments were made on the deposit of the Exchequer Bills?—I have; on the 16th of April, 1841, 10,000*l.* was advanced and this is the cheque (*producing the same*). I have also a cheque for 5,000*l.* of the 28th of June, 1841; of 10,000*l.* of the 7th of July, 1841; of 5,000*l.* of the 7th September, 1841; of 5,000*l.* of the 9th of September, 1841; and of 5,000*l.* of the 21st of October, 1841, (*producing the same*).

The same were read.

Mr. *Scott.*—I have the banker's book with me to show that these cheques have been carried regularly to account. (*The book was inspected by the Commissioners*).

4169. Do you know anything of the current rates of interest at the times?—I can state from having searched through the Bank Notices the current rates of interest at the time. I have ascertained that the rates of interest charged on those several advances to which those

cheques refer were according to the notices issued from time to time by the Bank. During the whole of 1841 the bank interest was at five per cent., Exchequer Bills included. In no instance in these transactions was the rate taken by Sir James Shaw higher than five per cent. and in some instances it was lower.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

TUESDAY, 7th June, 1842.

The EARL of DEVON in the Chair.

Mr. *Charles Thomas Pearce,*
Mr. *James Hutchinson,*
Mr. *James Van Sommer,*
} sworn and examined.

4170. (*To* Mr. *Pearce.*) You are Chairman of the Committee of the Stock Exchange?—Mr. Hutchinson is Deputy-Chairman, and Mr. Van Sommer is our Secretary.

4171. Who was Chairman before you?—Mr. Robert Hichens.

4172. During the course of the last year, there were some complaints before the Committee relative to the conduct of certain members of the Stock Exchange, in regard to Exchequer Bills transactions?—There were.

4173. Have you any record of the proceedings of the Committee upon those matters?—We have; the whole of the proceedings of the Committee which took place in consequence of representations which were made with reference to those Exchequer Bills, are minuted in our our book.

4174. Was the result of those proceedings the suspension of any members of the Stock Exchange?—They were suspended from doing business in the Stock Exchange, but not rejected from it as defaulters; they were suspended from transacting business till the matter was cleared up.

4175. Does a suspension of that sort express an opinion on the character of the party?—It was considered the duty of the Committee not to express an opinion, but simply, as those parties had not been able to fulfil their bargains, to suspend them till the matter was cleared up.

4176. At what time was the first suspicion in any way brought before the Committee of something being wrong in the Exchequer Bill market?—To the best of my recollection, it was the 27th of October in the last year.

4177. Are the minute books which are here kept by your secretary?—They are.

4178. (*To* Mr. *Van Sommer.*) Will you point out any proceedings which took place on the 27th of October?—It was on a complaint, by Mr. Hichens our then Chairman, to the Committee, that Mr. John Wray Scott, a member of the House, who had borrowed money of him, did not pay him, the Exchequer Bills being impounded as I understood.

Mr. *Hutchinson.* It is proper to state that Mr. Hichens, being our chairman, feeling, after the first day's investigation, that as he was a party immediately concerned, that duty ought no longer to be performed by him, he subsequently in every instance abstained from taking the chair.

4179. (*To* Mr. *Van Sommer.*) The minutes are kept by you, as secretary?—They are; they are always entered the same night before I go to bed, and are read at the next meeting of the Committee and approved by the Committee.

4180. You undertake to say that in substance, at least, these are accurate minutes of what passed before the Committee?—Yes, certainly.

Mr. *Pearce.* There are various minutes on subsequent days in addition to the forged Exchequer Bills, and the proceedings of other members of the House in reference to them.

(*The Minute Books were inspected by the Commissioners, and the Minutes in reference to forged Exchequer Bills extracted therefrom.*)

Mr. *Hutchinson.* It is not usual with us, though it is allowed on application, for persons to have an opportunity of correcting their evidence, therefore it is just possible a misconception may take place as it has in one instance.

4181. (*To* Mr. *Van Sommer.*) Do you profess to give it according to the substance of the statement made by the parties rather than the precise words?—I have confined myself as much as possible to the precise words, but it must be taken upon the whole as substance generally.

Mr. *Pearce.* It is not usual for parties, unless they particularly desire it, to read their evidence over after it has been entered in this book; it does not often occur that it is of much importance that should be done, but, this being a matter of great importance, Mr. William Hichens, who was deeply interested in this matter, desired to review the minutes of his evidence

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that he might ascertain whether, as far as his recollection went, it had been correctly taken down. Mr. Hichens attended a few days ago, and he pointed out to the Committee what he considered an error on the 4th of November in his evidence. There were two points to which he spoke; on one he says, "Mr. Hichens reminded Mr. Morgan," he being then under examination with Mr. Morgan, "of having assured him, Mr. Hichens, that the Exchequer Bill transactions, in which he was concerned, had nothing whatever to do with those of De Berckem, to whom he had formerly lent large sums of money; but, not being able to ascertain anything from him, De Berckem, as to the respectability of his principal, he would have nothing more to do with De Berckem." Mr. Hichens said that before Morgan, and he did not deny it. On the same day, a very short time afterwards, Mr. Hichens is made to say, "that he did not wish to mix Mr. Morgan up with the transactions of De Berckem, but he recollected on one occasion Morgan had brought him the same Exchequer Bills which he, Mr. Hichens, knew had been already in the hands of De Berckem." As soon as Mr. Hichens saw that paragraph, he came to Mr. Hutchinson and myself and said, "This is certainly erroneous; this I never said, for in the first place it would contradict what I said before, and in the next place the fact is not at all true." We put it to him, "Do you mean to say it is not at all true that you did receive on one occasion from Morgan a parcel of bills which had been previously taken to you by De Berckem?" He said, "It was not true, I could not have said it, because the fact is not so, nor have I the most remote recollection of having said anything of the kind; it must have been a fiction if I have said so." On this we thought it our duty to call the Committee together and to examine Mr. Hichens upon the subject; the following is the minute of a Committee which was accordingly summoned on June 1. I was in the chair. The Committee had been specially summoned on receipt of the following letter:—"31st May, 1842. To the Chairman. Sir, on looking over the minutes of my evidence of the 4th of November last, I find there is a mistake in recording it: I shall be glad if the Committee will allow me an opportunity of correcting it. Signed, Wm. Hichens." Mr. Wm. Hichens was called in, who said, that since reading the minutes in question, he had had the Exchequer Bills received both from De Berckem and Morgan carefully collated, and had found for the first time that a few bills had been, at different periods, pledged with him by Morgan, which had been previously pledged by De Berckem, but was quite unaware of the circumstance when he gave his evidence on the 4th of November last; he stated not any quantity of bills, but a few individual bills had been at different periods pledged. It had occurred in the course of transactions with Morgan that a few Exchequer Bills had been offered to him, which had been pledged by De Berckem.

4182. Did he give the number of those bills?—He did not. The Committee then came to the resolution that Mr. William Hichens, having requested permission to peruse the evidence given by him before the Committee, relative to the Exchequer Bill Inquiry, and having thereby discovered that, on the 4th of November last, his evidence had been in one instance erroneously taken down; and, having satisfied the Committee that such error did exist, it is hereby resolved that the words—"Mr. Hichens said he did not wish to mix Mr. Morgan up with the transactions of De Berckem, for he never recollected, on any occasion, that Morgan had brought him the same bills which he (Mr. Hichens) knew had been in the hands of De Berckem," be substituted for the words recorded in the former Minute Book, page 302, lines 2 to 6 inclusive.

Mr. *Hutchinson*. Until Mr. Hichens had read this evidence, he had never thought it necessary to collate the various bills received from the different parties at different periods; but, finding this, he immediately collated the bills, and he found, out of all the bills pledged at various times by Morgan, perhaps there were three of the same number.

Mr. *Van Sommer*. I took down the evidence, as I conceived, accurately; and there were 16 of the same gentlemen present on the next day, who conceived the report to be correct.

Mr. *Pearce*. At the same time, the recollection of Mr. Hichens seems to be very strong that he could not have used that expression, and it now for the first time comes to his knowledge that there were three of the same number.

4183. What is the course pursued on the admission of a member of the Stock Exchange?—Each new member of the house must be introduced by three respectable members of the house, each of whom enters into security in 300*l*. for two years. At the end of two years, when the respectability of the party is supposed to be fairly ascertained and known, the liability of the surety ceases, the parties being then known; and each member of the house is re-elected every year; therefore, if in the course of the preceding twelvemonth there is anything discreditable, the parties are not re-elected. In case of default, they cease to be members. If a member has once been a defaulter, he ceases to be a member; but, after inquiry, he may be re-admitted on paying a certain composition; but he must be re-admitted, if at all, by vote of the Committee.

4184. What is the nature of the security?—Each of the three sureties is liable, in case of the party failing to the extent of 300*l*., for the debt.

4185. Suppose a man, in the course of transactions, became unable to pay his creditors, is it, as among the members of the Stock Exchange, considered right that one creditor should get a preference, or do the Committee take upon themselves to apportion the assets?—There are certain official assignees, who receive all the money due to the individual, each having debtors and creditors, and they divide it amongst his creditors. No man can be re-admitted unless he pays 6*s*. 8*d*. in the pound, from resources of his own, over and above what has been collected from his debtors.

4186. When there is any alleged default in payment by one stockbroker, as regards another, is it against the rules of the Committee that the party should go to law with the other, or must it be settled by the Committee?

Mr. *Hutchinson*. If, by going to law, the object was to get a preference over any other

creditor,—if he did by that process obtain more than others, the Committee would insist on its being divided; and, if he refused, the Committee would expel him.

Mr. *Pearce*. If a man on the Stock Exchange employs a broker, and does not pay the differences, the stockbroker can go to law with him if he pleases. The dealings in foreign stocks are legal. The differences on consols cannot be recovered, but the differences in foreign stocks may be recovered.

Mr. *Hutchinson*. The public have a power our members are not able to exercise; they may go to law with our members, but the members must submit to the rules and regulations of the house.

4187. In the numerous loans that are made daily, on the deposit of Exchequer Bills or other securities, is it the habit of brokers to name their principals, or not?—Mr. *Pearce*. We never name the principals on the Stock Exchange. We never know anything about the principals in our transactions. We give to the principals out of the house the names of the dealers in the house; but we never name to the parties in the house who are our principals. There are cases in which it may be done, but it is not usual.

4188. What is your own particular line of business?—I am a broker.

4189. Are you a money dealer?—That does not form an important part of our business, but we have money occasionally to lend and borrow.

4190. Are there some who are principally money dealers?—The most important money dealers were Messrs. Hichens, but they were brokers also.

4191. Was Mr. Scott also a money dealer?—Mr. *Hutchinson*. From his connection with the Chamberlain of London, he was forced into the position of being, to a certain extent, a money agent; for the chamberlain generally has employed his balances by loan instead of by investment, that money being wanted at certain times, and not being his own property; consequently Scott became, so far as he was concerned, a money agent.

4192. Is not a jobber generally called a dealer?—Mr. *Pearce*. He is generally called a jobber.

4193. Is there any difference between a jobber and a money dealer?—Mr. *Hutchinson*. The great difference is, the jobbers are not money dealers. They deal for stock for money, and pay for what they buy, and receive for what they sell; but they do not job in loans generally.

4194. Although many transactions of loan take place on the Stock Exchange, without naming the principal, they are often carried on by persons who are known not to be principals themselves?—Mr. *Pearce*. Yes; and it is very well known generally, in dealing with parties who are the brokers for the respectable bankers, and so on, that in dealing with those brokers they are dealing with those bankers.

Mr. *Hutchinson*. That is very strongly elucidated by the circumstance of Hichens himself. They had loans with De Berckem; but, not finding him to be the agent of a banker, and not having the name mentioned, they refused to go on with the loan. Morgan, on the contrary, being known to be the agent for Ransoms, as well as for Herries, Hichens was led into the transaction with them by that circumstance. If a person is agent for a banker, it is well known; but if he is agent for an individual, it is not generally known.

4195. Were both Morgan and De Berckem brokers?—Morgan was a sworn broker. De Berckem did brokerage business, but was not a sworn broker.

4196. What is the difference between being a sworn broker and doing broker's business?—One pays his 5*l*. 5*s*. to the city for the privilege of acting as a broker, and the other charges commission instead of brokerage, and considers himself as an agent, and therefore does not pay the 5*l*. 5*s*. a-year. As far as regards the facilities of doing business on the Stock Exchange, there is no difference at all. Hichens was a money agent in a great degree, consequently he had money to lend and had money to borrow; the two necessarily go together: and if there had not been some uncomfortable feelings arising in Hichens, probably from a want of confidence, he would have gone on with both of them; but knowing the principals of one and not the principals of the other he continued the loans with Morgan, while he discontinued those with De Berckem, not knowing the principals of De Berckem at all.

4197. Have the names of Solari and Rapallo been brought before the Committee?—Mr. *Pearce*. Yes, in the course of the examinations. We knew nothing of them till the Exchequer Bill transactions came forward. We inquired from whom the Exchequer Bills came, and we found some came through the hands of De Berckem, and others through the hands of Morgan.

4198. Was Mariner examined before your Committee?—No, he is not a member of the house.

4199. Nor Rapallo?—No, we never heard of their names till this discovery took place.

4200. Is it usual when a broker wants to raise a loan of money to go to a person who is himself a broker, and not a money dealer, generally for that purpose?—I should say certainly. In the first instance a man would see whether he could not get the money on the Stock Exchange from a money dealer. If I wanted to raise money, and had any idea that Mr. Hutchinson had money to lend, I should rather take it of him as a member of the Stock Exchange, than go to Overend and Gurney. If we cannot do business among ourselves I should go into Lombard-street.

4201. That relates to dealing with a person in the Stock Exchange in preference to dealing with a person out of the Stock Exchange: but confining yourself to the Stock Exchange, would you go to a mere money dealer or a broker?—There is no such thing as a mere money dealer in the Stock Exchange.

4202. Would a broker who wished to raise money go to a person who carried on the business of a money dealer with that of a broker, or resort to a person who carried on no business but that

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of a broker?—If it had occurred twelve months ago, if I had wanted to raise money for a principal of mine, I have no doubt I should have gone in the first instance to Mr. Hichens, who was a large dealer in money as well as a stock-broker.

4203. The question is put as a general question, without reference to individuals. Would a broker employed to raise a loan of money go to one who was himself a broker for that purpose, or to a person who was a broker and a money lender?—He would go to the man who was more ostensibly and more usually a lender and borrower of money than a mere broker in a business like my own or Mr. Hutchinson's; he would go to that man who he knew had the largest dealings with money, because from him he was more likely to get the accommodation he wanted: failing him, he would go to others.

4204. He might go to one who was a mere broker?—Yes, very likely.

4205. Supposing him to apply to one who was a mere broker, what kind of brokerage would he receive for his trouble?—I should conceive, generally speaking, the remuneration he would receive would be a small difference in the interest. We all of us have money to lend occasionally and money to borrow of bankers or the capitalists. I go to Mr. Hutchinson and say, "I have 10,000*l.*, what can I get for it?" Mr. Hutchinson might know that the current rate was at that time from 4 to 4½ per cent.; he might say, "I think I can get you 4 per cent." He might know I was not the lender. I might give 4 to the principal and retain the half per cent. In some cases the broker is paid by a per centage on the interest he gets for his principal.

4206. Are those modes both usual?—They are both usual.

4207. Those modes of remuneration both apply to the case of a money dealer, and a person whose business is more or less that of a money dealer?—Yes.

4208. The question pointed to the case of a broker who is desirous to raise a loan of money, and ultimately applies to a broker. Would the broker to whom he applied claim the same rate of remuneration you first mentioned, that is the remuneration derived from receiving a larger rate of interest than he himself pays?—I have no doubt in many cases he would.

4209. Is it according to the ordinary course of business that it should be so?—It is not one of those things which is subject to the ordinary rules of commission, applying to the buying and selling of stock; those are mere bargains. It has frequently happened to us that we have no remuneration whatever in lending or borrowing money when we do it for valuable principals.

4210. If a broker were applied to by a broker in the way described, the course of the transaction is for them to divide the commission, is it not?—That is not at all usual.

4211. A broker wants to raise a sum of money; if he applies to a money dealer, the effect is that he will have to pay the money dealer some profit in the shape of the difference between the interest the money dealer receives and that which he himself has to pay?—Yes.

4212. If, instead of that, he applies to a broker, is not this the consequence, that if the broker is to be remunerated in the same way, he has to pay first the broker a profit, and then that broker pays the same profit to the money dealer behind?—That we know nothing of.

4213. Would not that be the necessary consequence?—I think not, for the broker would not get the money from the dealer, but would get it from a principal.

4214. From whomsoever he got it, he would have to receive a profit in some shape?—Yes.

4215. What benefit would be gained by applying to the person who is the principal?—A mere money lender, it might or might not be. If we found by going to a mere money lender, like Overend and Gurney, we should get it cheaper, we should go there.

4216. If you employ a broker, must not a profit be given to him in some way or other?—That, I apprehend, to be a necessary consequence, for how could a broker lend and borrow money without any profit.

4217. Suppose a broker, having to borrow money, applies to another broker, and he applies to another person to lend him the money, and pays interest to that person, as being himself a borrower, is that a common course of proceeding?—I dare say it is, but it does not come within the scope of our information to inquire the source from which the man gets the money. I go, as a broker, to another broker on the Stock Exchange, and ask him whether he has money to lend; he say, yes, at 5 per cent. I do not inquire where he has got it. If I found I could get the money cheaper by going to Mr. Gurney, in Lombard-street, I should go in a moment, but I do not ask him where he gets the money. But we confine ourselves as much as possible to transactions between persons on the Stock Exchange, and it is not our business to inquire how parties get the money to lend.

4218. A broker applied to for a loan might lend it as on his own account?—It is lent as on his own account.

Mr. *Hutchinson.* It sometimes happens that instead of any particular fixed rate of remuneration I have had it occur to me—a friend has said, "I have got so much money, what can I do with it?" I have said, "I will take it at 2, 3, or 4 per cent., and take my chance." I may get 3, 4, or 4½, or even 5, but I get as much as I can. Having borrowed the money at a certain rate, I may lend it at the same rate, or may not be able to lend it at all. As regards employing brokers to get money, the people of the Stock Exchange stand as they do in other communities, in different shades of credit; one man might borrow money at 4 per cent. when another could not borrow it at 5. Where parties are very intimate, money is sometimes lent without any security at all for a day, even if you take Exchequer Bills as a security there is always a risk to run, unless you stipulate for being paid in Bank notes. There is the insecurity attending the taking a cheque. It does not follow that two parties, members of the Stock Exchange, could borrow money at the same rate or of the same parties. Mr. Pearce might borrow money of Gurney's, or any house in London, whereas another might not be able.

4219. Would the rate of interest be affected, as well as the consent to deal with the party

at all?—I should say it would. If I doubted a man I would not deal with him at all, but another man might be tempted by the interest.

4220. With respect to the rate of interest, is there such a thing as the market rate of interest or not on the deposit of Exchequer Bills?—The rate of interest fluctuates according to the value of money.

4221. Are there no fixed limits within which those fluctuations are comprised?—I do not think there are.

4222. Is there no amount of interest which you would at once say was exorbitant,—say 10 per cent.?—I have known when you could not borrow money on Exchequer Bills at 10 per cent., or at 15.

Mr. *Pearce.* Within the last month money has been within a week 2 per cent. and 10 per cent.—10 per cent. on English stock. There is one criterion, the rate at which the Bank lend money. The Bank, till the last notice, charged 5 per cent. on Exchequer Bills, they now charge 4.

4223. Have you known the Bank charge more than 5 per cent. on Exchequer Bills?—Mr. *Hutchinson.* They charged 6 once on bills of exchange. I do not know how far that applied to Exchequer Bills.

4224. How long ago was that?—I think about two years ago.

4225. That practice of the Bank would tend to fix the maximum of interest on such transactions, would it not?—No, that would not follow, for it is not everybody who may be able to get a loan at the Bank. Supposing a man wanted to borrow money at the Bank, he must be prepared to take to the Bank, Bank of England notes when the loan is paid off, and it is not every one who can take 20,000*l.* Bank notes to the Bank.

Mr. *Pearce.* The Bank lend on the deposit of securities only during the periods of the shutting of the stocks, that is, four times a-year; at other times people are obliged to apply to dealers and pay their rates.

4226. Even when the stocks are open, does not the Bank lend to its customers?—I believe not; it is not the usual course. The last three or four years since the repeal of the Usury Laws I can hardly say there has been a market rate of money. Money has been sometimes so dear, and at other times so cheap, it has been difficult to establish a market rate. The rate has varied between the morning and the evening; sometimes the money could not be got at 5 or 6 per cent., and in the afternoon of the same day it could be got at 2 or 3.

4227. Is it within your knowledge that within the last three weeks money has been lent for particular occasions at as high a rate as 10 per cent?—Yes; money was lent on English stock within the last month at 10 per cent.

4228. While the books are shut, and the bank lend at 5 per cent., may it not be considered in a general way that 5 per cent. is the general rate on such transactions?—On Exchequer Bills I should say it was; I think it is not very usual to do business higher while that is the case.

Mr. *Hutchinson.* It might so happen that if the Bank were lending at 5 per cent., a person wanting money for two, three, or four days, might give 6. The Bank will not lend for a shorter period than 10 days, nor a less sum than 2000*l.*

4229. Is there any limit the other way?—No; men exercise their own judgment how far it is prudent to go.

4230. Would a respectable customer have any difficulty in loaning on Exchequer Bills to a certain amount?—No, not to the extent of 20, 30, or 40,000*l.*

4231. Is it usual to borrow money on Exchequer Bills for a period exceeding a month at a rate considerably greater than that which the Exchequer Bills bear?—Mr. *Pearce.* I should hardly think it is, and yet I can readily conceive that within the last year or two, when there has been a great difficulty in getting money, on an emergency parties would be willing to secure themselves for a longer period, by giving something more than what is called the market rate; I think such a thing might occur. There has been such difficulty in getting money even on the best security, on an emergency they might be willing to shelter themselves by giving a larger amount of interest, even for a longer period.

4232. In a case of great emergency might not parties relieve themselves by selling the Exchequer Bills?—I think there is an evident reason for not doing that, a pressure for money inevitably reduces the premium on Exchequer Bills, consequently parties do it at a great disadvantage, and the moment the pressure is removed the premium on Exchequer Bills necessarily rises. A party selling and buying again would lose more in the difference of premium and commission than the interest.

4233. That applies when money is very tight as it is called?—Yes.

4234. That would not apply to ordinary cases?—Perhaps not.

4235. There would be a period at which the accumulation of the extra interest would overbalance any loss by the difference of price and the brokerage?—Yes, it would. If a man contemplated the taking money for a twelvemonth it would overbalance any probable loss arising from the sale. Parties usually borrow for a short period, but if they feel the pressure still continue, they go on for another period.

4236. When you have loans for a month is it usual to renew the loans from month to month?—Very often.

4237. If those loans were renewed till the money was outstanding for half a-year or a-year, would it not be likely that the borrower would sustain a great loss as compared with his situation if he had sold the bills?—No; for there is no doubt that a man who borrows money under those circumstances does it to lend his money at a higher rate of interest. A banker borrowing money at 5 per cent. on Exchequer Bills would employ that money in discounting bills at 6; he gets interest on his Exchequer Bills at 3 or 3½ per cent., and gets a profit on the money he borrows on the one hand and lends on the other.

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4238. Has he not made a sacrifice in the amount of interest which might have been saved if he had sold the bills?—He did not contemplate, probably, wanting the money for so long a period; but the moment the pressure is removed the rise which takes place is such as to compensate for any loss of interest. Exchequer Bills last year did not bear much above a fourth of the premium they do now. Exchequer Bills which might have been sold at 12*s.* or 14*s.* are now 44*s.* and 45*s.*; that is one-and-a-half per cent. upon the principal.

4239. The loss sustained on an Exchequer Bill can only be on the fluctuation of the premium?—Just so.

4240. In that case it differs from the case of stock?—Yes; they must always be worth par.

Mr. *Hutchinson.* I have known Exchequer Bills at 80*s.* discount in 1825.

4241. That would not be an ordinary fluctuation?—Mr. *Pearce.* No, very unusual.

4242. If you found a party in the habit of borrowing money from you on the deposit of Exchequer Bills for the period of a month for example, and of renewing those bills from time to time, so that for the whole year, or the greater part of it, a large sum of money was constantly due from him at the rate of 5 per cent., would that course of dealing in process of time have a tendency to excite your remark?—It would so far excite my remark that I should say, It is a pity this man did not sell his bills in the first instance, but I should consider that he borrowed for a short period because he expected to want it only for a short period; then, on the recurrences, the circumstances being the same, there would be the same reason for continuing it.

4243. It would be a series of unfortunate speculations?—Yes.

4244. (*To* Mr. *Hutchinson.*) Have you known of such a case?—It would depend on the period for which the loan was made. If a loan was proposed for five or twelve months at a higher rate than the Exchequer Bill rate, unless Exchequer Bills were at a low rate, I should be much surprised at it, but a man might be led on by circumstances.

4245. If you found him led on for a considerable time that would be a circumstance which would excite your remark?—I might say, "This is a very bad calculation of yours, you are going on much longer than I should be inclined to do;" I might say something of that kind.

4246. Would the idea after a certain period of a breach of trust or a possible misappropriation occur to your mind?—I think the time might be so indefinitely prolonged there might be a suspicion of that.

4247. After what length of time would suspicions begin to arise in your mind of such a course of proceeding?—I cannot say, for suspicions sometimes arise in the mind when one cannot tell why, sometimes they are incorrect. I should say certainly; if it went on for a couple of years I should be very much astonished.

4248. You know that loans are constantly made on the deposit of Exchequer Bills. Has it been usual for a man to come into the Stock Exchange and to be borrowing money to the extent of 50,000*l.* or 60,000*l.* on a deposit of Exchequer Bills?—No, those are very large transactions, unfortunately for us members of the Stock Exchange, they are not common, the large transactions in the Stock Exchange are always much more limited than the small ones; but if those things were to any extent the transaction would not create a suspicion in my mind.

4249. In the case of loans continually renewed so that the money remained out a long time together, would not the consideration in that case be affected by the amount from time to time raised on loan, and the consequent loss sustained by the difference of interest?—The length of time and the rate of interest considerably differing from the rate of interest paid by Government combined would excite remark, but as to the amount the loss would be *pro rata* whether on 50,000*l.* or 5000*l.*, the folly would not be greater in the one instance than the other.

4250. The actual loss in the one case is greater than in the other?—Certainly. For the further information of the Commissioners I would state there is no such thing in our house as a mere money dealer; those who are money dealers are always brokers, they are employed occasionally to raise money for our friends, We consider where we are likely to be able best to effect our object. Mr. Hichens, for instance, would be a very likely man to go to, but if he has not money, or will not lend it at the rate, I should go to Mr. Pearce, for instance, and say, "Are you lending money," and should deal with him if it suited my purpose. There is no such thing as a mere money dealer in the Stock Exchange, a jobber is frequently a lender of money. Suppose he has sold out stock, and has not re-purchased, about one or two o'clock he would be a lender of money. On the other hand he is very often a borrower of money if he has bought stock and not sold.

4251. If a broker borrows money of another broker, he does not in the ordinary course give the name of his principal?—No; if I were applied to for money I should go probably to Mr. Hichens in the first instance, and then to Mr. Pearce, or some other broker or jobber on the Stock Exchange.

4252. Mr. Pearce would probably borrow the money from another party, and be receiving from you a higher interest than he is paying?—That would depend on circumstances; we occasionally lend money for a valuable principal without any commission.

4253. Where there is a remuneration that which has been stated is the common course?—Yes; a half per cent. but frequently money is put at the disposal of a broker at a certain rate, and he makes what he can of it.

4254. Which of those is the more common mode of dealing where one broker deals with another?—Mr. *Pearce.* I think to charge a half per cent. on the interest.

4255. A broker who wants to raise money goes to another broker who lends him the money at a certain rate, say 5½ per cent., he obtaining the loan of that money from another party to

whom he pays five only. The consequence is the difference goes into the pocket of him the middle man. Is that course of transaction usual or not?—Mr. *Hutchinson.* Perfectly, they are most usual; in fact it is oftener done in that way than in any other.

4256. Or he might take the course of being paid a brokerage at half per cent. upon the interest?—Yes, which is precisely the same thing; the result is precisely the same as if he did it the other way.

4257. Where the broker brings the first borrower and the ultimate lender together, and only purports to act as a broker in the transaction, he would be paid a brokerage?—Mr. *Pearce.* In that case he would cease to be an agent, and consequently could make no charge.

4258. In the ordinary transactions in depositing Exchequer Bills as security, is it the custom that the same bills should be returned as are deposited?—Mr. *Hutchinson.* Yes; it is the custom without a word being said that the same bills are universally returned.

4259. It is not usual to make any particular stipulation on the subject?—No; it is always understood.

4260. If during the time that a parcel of Exchequer Bills was deposited as a security the Government notice came out, whose duty would it be to take them up for exchange? Is it usual for the borrower to come and deposit other bills of exchange or would the person with whom they were deposited take them up?—It would sometimes make a difference in the rate of interest; if I were to change the bills, I should charge a higher rate of interest, and if I wanted the money in the time I could not raise it on those bills, and I should say, "If you do not give me other bills to deposit in lieu of these you must pay me 4½ per cent., if you do, I am content that the loan shall go on at 4." Such things might very well occur with bankers who may not know what their demands may be.

4261. That would be matter of convention between the parties?—Yes; if a dealer were to make a bargain for a short time with money he had at his disposal, he would prefer very much the lending on bills which were not advertised to lending on those which were.

Mr. *Pearce.* The bills advertised bear a lower premium than those not advertised because they are liable to be locked up for a time.

4262. Does any communication ordinarily take place in such cases with the party by whom they are deposited?—Mr. *Hutchinson.* I should say not, for the person with whom they were left would send them up rather than lose the premium; the time for making the observation would be when the loan was made. If the time of exchange was approaching, I should say it would not suit me to lend money on those bills, for they are advertised. Perhaps, legally speaking, the lender would be justified in not sending them up to be exchanged, but I should think it very uncourteous if I had deposited bills with any one if he let the time go by and did not send them up, or apprise me that he would not.

Mr. *Pearce.* The Bank of England exchange all the bills pledged with them, their case does not apply to private individuals, they do not want the money, it is a mere question of trouble with them.

4263. How long was Mr. Robert Hichens chairman of the Stock Exchange Committee?—I think he was deputy chairman and chairman for five years.

4264. What are the grounds on which a party may be expelled or is expelled the Stock Exchange?—He ceases to be a member by not performing his engagements, he is not expelled but he ceases to be a member, but there are cases of dishonourable or disgraceful conduct which cause expulsion. If they become defaulters the circumstances are taken into consideration when they apply for readmission.

4265. Does a defaulter merely imply a man unable to fulfil his engagements?—That is all.

4266. You say it was considered the duty of the Committee not to express an opinion in those cases but merely to suspend till the matter was cleared up; was that with a view to the investigation by a commission under Act of Parliament?—It seemed to be a matter of course that some investigation would take place, but all those parties, Mr. Morgan, Mr. de Berckem, and Mr. Scott, are actual defaulters, they have entered into engagements, they had not the power of fulfilling, therefore in an ordinary case they would have been so declared and not have continued members of the house, but under the peculiar circumstances of the case, it was considered fitting to adopt a middle course and to suspend them.

4267. It being considered that this matter would undergo further enquiry?—Yes.

4268. Who are the parties who have been suspended?—Mr. E. L. Morgan, Mr. F. T. de Berckem, and Mr. J. W. Scott.

4269. Is Edward Lloyd Morgan a partner in the house of William and James Morgan?—No; he is only known to us as an individual broker, his father had been in the house and had been a defaulter.

4270. He had ceased to be a member of the Stock Exchange on that ground?—Yes; I am not aware of any circumstances beyond the default of Mr. William Morgan.

[*The Witnesses withdrew.*]

Mr. *Charles Blake* sworn and examined.

Mr. C. Blake.

4271. You are a solicitor, in partnership with Mr. Bridger?—I am.

4272. Had you in October last any transaction with Mr. Scott relative to a loan of money on an Exchequer Bill?—We had none ourselves; it was in the month of November we first heard of it.

4273. When was your first connexion with it?—After the fraud became known publicly, the Exchequer Bill was forwarded to us to call on Mr. Scott, and ascertain whether it was a genuine bill.

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4274. From whom did you receive it?—From Mr. John Blake, a cousin of mine; he came up to town, and placed it in our hands.

4275. Has he a connexion with the Wilts and Dorset Bank?—He banks there.

4276. What is the number of that bill?—The number of the bill is 8380. I have here the receipt for it (*producing the same*).

4277. When was it taken up, and by whom?—It was taken up by one of our clerks, Mr. Joseph C. S. Mead, on the 3rd of March, when it became due; this receipt was given after the bill was presented.

4278. Was it presented for examination?—No, it was presented for payment. After that we received a letter from Mr. Latham, dated the 10th of March, stating that it was not a genuine bill. This is the letter (*producing it*). On the receipt of that letter he attended again, and received this receipt for it (*producing the same*). Mr. Latham has the bill in his possession. I apprehend I can identify the bill by my signature at the back of it.

4279. Who is the owner of that bill?—Mr. John Blake; it is trust property; he is the trustee under his father's will, and it is trust property belonging to his father's estate; it is he who purchased it.

4280. Have you any correspondence on the subject?—The only correspondence which I have is on the application to Mr. Scott, who borrowed 1000*l.* on the Exchequer Bill for three months. We applied to him for the money, and in answer to that application received this letter (*producing the same*).

The same was read as follows:—

"GENTLEMEN,

"I HAVE received your letter of the 11th instant, with an application for repayment of one thousand pounds, lent by your friend, Mr. John Blake, of Ford, on the Exchequer Bill, No. 8380, with interest as agreed on.

"Deeply regretting as I do the chance of loss that may have arisen through my agency, at the same time I feel assured that, as the broker in the transaction, should the Exchequer Bill prove a spurious one, however I may appear to be legally responsible, that I am not equitably liable, being only the agent between Mr. Blake and Mr. Francis De Berckem, of whom I received the bill, seeking only the advantage of one-half per cent. commission per annum. I must, therefore, beg that you will communicate with your client, and request him to wait the issue of the Parliamentary inquiry, which is confidently expected to be entered on immediately on the opening of the coming Session, delaying any legal process you may have advised till this most extraordinary fraud, which has perilled his property in common with that of others, has been thoroughly investigated, when there is every reason to believe the Government will take on itself the reimbursement of the innocent holders.

"As I feel assured it cannot be the wish of Mr. Blake to cause me any unnecessary inconvenience, especially as any active measures against me could not result in his advantage, I may add that all my other friends, who unfortunately lent money on Exchequer Bills through me to the amount of 54,000*l.*, are content to wait the issue of the inquiry,—a delay that, as far as I am concerned, shall not in the least prejudice their interests, should the event turn out contrary to the general expectation.

"I am, Gentlemen,

"Yours very obediently,

"J. W. SCOTT.

"*Messrs. Bridger and Blake.* 3, *Bartholomew-lane, 12th January*, 1842."

Mr. *Blake.* In that letter Mr. Scott calls himself the agent of Mr. Blake. Mr. Blake knew nothing of him by name; it was only through the Wilts and Dorset Bank that the transaction was carried into effect.

4281. What rate of interest was to be paid upon this loan?—4½. This is the memorandum given at the time for the money.

The same was read as follows:—

"Borrowed of

per Mr. J. W. Scott, Wilts and Dorset Bank, Salisbury, £1000 sterling, at 4½ per cent. interest for three months, on Exchequer Bill as security, No. 8380. £1000, 15th March.

"J. W. SCOTT,

"*London, 9th October*, 1841. 3, *Bartholomew-lane*."

4282. Do you know how the thousand pounds was paid for that Exchequer Bill?—No; it was through the Bank, but I am not acquainted with the circumstances.

[*The Witness withdrew.*]

Robert Hichens, Esq., sworn and examined.

R. Hichens, Esq.

4283. If you have any desire that a professional adviser should attend you, the Commissioners will be happy to afford you every facility?—I have no wish to be attended by any professional adviser. Mine is a plain straightforward case.

4284. You are in partnership with Mr. Harrison?—Yes, and my brother, William Hichens. The firm consists of Robert and William Hichens, and Frederick Harrison.

4285. Your business is that of stockbrokers?—Yes, stockbrokers, and likewise what is technically called managers of balances; that is, very large dealers in money.

4286. Are you personally in the habit of attending on the Stock Exchange?—Yes; not so much as my two partners. I have scarcely ever done a transaction in borrowing or lending

money. I have been in business as a broker 36 years, and my business has been very much confined to the correspondence of the house, receiving the clients of the house when they came —to wait upon them, to make transfers, and to take the general superintendence, as a senior partner would, of what was going on in the house. I have not done, I think, a single transaction in borrowing or lending money. I have known, of course, what was going on.

4287. In the course of the last year your house had considerable transactions in Exchequer Bills, many of which have unfortunately proved not to be genuine?—Yes.

4288. The Commissioners understand that you have prepared a general statement of your transactions with respect to Exchequer Bills?—Yes, and a tabular statement taken out of our books, considering that it would be useful to the Commissioners to have it in that form, and we have brought our books to verify it item by item.

4289. In giving your evidence you may make such references as you may see fit to the statement you have prepared, that being considered equally with the rest a statement upon oath?—I would beg to inform the Commissioners that Messrs. Hoare are the holders of 24,000*l.*, and the London Joint Stock Bank of 18,000*l.*, of the bills deposited by us with them as security for loans to those amounts: and that they are the actual claimants in respect thereof, and hold the comptroller's receipts in the same manner as the 1000*l.* held by Mr. Margrave, who has already appeared before the Commissioners. As our claim in respect of the bills held in our own right, and in connexion with those deposited by us with the London Joint Stock Bank, Messrs. Hoare, and Mr. Margrave, is one of large amount, it may be desirable for the complete understanding and elucidation of it, as well as a saving of time to the Commissioners, to give an outline of it in the form of narrative, and to preface it with a short statement of the nature of our business and the extent of our loan transactions, together with the general practices of the money-market, particularly as regards the dealings between members of the Stock Exchange. Our business, in addition to that of mere stock-brokers, extends to the dealing in money, that is borrowing of bankers, capitalists, and others, their surplus or unemployed moneys, for the purpose of lending again at advanced rates, the difference of rate being our remuneration for the trouble and risk attendant thereon. By the general facility thus afforded, from our being almost always ready either to borrow or lend, we have become as it were a channel directly or indirectly for a great portion of the loans between Lombard-street and the Stock Exchange; and the magnitude of our money dealings will be at once understood when I state that we have both had and made loans to upwards of 200,000*l.* at a time with one house; that the payments and receipts through our banking account on each side amount to 18 or 20 millions per annum, but our loan transactions far exceed that sum and extend to the vast amount of from 30 to 40 millions a-year. Our loans for last year to the end of October (when we discontinued that branch of business on account of the detention of our bills by the Treasury) exceeded 30 millions, being an average of 3 millions a-month, or 100,000*l.* a-day; and that generally, upon four or five days in every month, the loans have amounted to 150, 2, 3, 4, 5, and even 700,000*l.* in a single day. Under these circumstances, therefore, it will be apparent that it is quite in accordance with, and strictly in the usual course of, our business, indeed its very aim and existence, to make large loans, and the sum of 50,000*l.* will not be considered one of unusual magnitude. After the laborious duty which the Commissioners have already undergone, I am very reluctant to trespass unnecessarily upon their patience; but I trust I shall be excused for troubling them with one example, by way of illustrating the nature of our money dealings. A person having 40,000*l.* which he will not want until the 1st July, desires to lend it until that time, and by himself or his brokers applies to several parties, who offer perhaps to take it at 5 per cent. per annum until the 18th July, but will not borrow it for the 1st. He then probably applies to us, and as we are money dealers it is not material to us whether it be for the 1st or the 18th, and we agree to take it at 4 per cent., which is accordingly fixed. This done, it becomes our object to lend it at the highest rate we can obtain, either for a short or long period, as may best suit our views or engagements, or which we may consider under all circumstances to be most for our advantage; and possibly we may lend it at 5 per cent. until the 18th July to one of the identical parties to whom application was first made. We gain, therefore, 1 per cent. per annum up to 1st July, and it becomes our business to provide funds from our general resources to repay the 40,000*l.* on that day. I will now proceed to the practices of the money-market respecting loans:—1st. It is the invariable practice on the Stock Exchange never to give up the names of principals, as such a disclosure would be objected to by them, as exposing their transactions, and might prove injurious to them. Exchequer Bills therefore requiring no assignment, and the title being in the holder, afford a facility for deposit beyond all other securities, and are largely held by many persons on that account; and it may be worth notice that Exchequer Bills which have the blank filled up, and consequently can only pass by indorsement, are generally sold at a depreciated price on account of the title being open to question. 2nd. In all cases of loans on Exchequer Bills or India Bonds it is not only the custom to return the identical bills or bonds deposited, but so general is it, and so well understood among persons accustomed to loans, that such a stipulation need not be made, and indeed is very seldom ever mentioned. The propriety of this custom is obvious, for otherwise the depositor of good bills might have bad ones returned to him instead. 3rd. When Exchequer Bills are advertised to be exchanged by the Government pending any loan, it is customary (unless specially agreed upon to the contrary) for the depositor to redeem them by giving others in their stead, otherwise the lender would be deprived of the use of the security whilst the bills were at the Exchequer Bill office; and as about 10 or 11 millions are advertised at a time, the withdrawal of so large an amount of available security from circulation is frequently felt (particularly in times of scarcity) as a public inconvenience; and higher rates of interest are frequently paid when the lender agrees to send in the bills. Bills, however, are occasionally sent in for depositors, when not originally agreed upon; but it is a matter of courtesy, favour, or mutual convenience, and forms an exception to the general practice. In connexion with the subject of the exchange of

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bills, I should further mention another practice, which is of every day occurrence, viz. for depositors (not only when Exchequer Bills are called in by the Government, but on general transactions) to withdraw the securities originally deposited, of whatever description they may be, and to give others in their place, and this is sometimes repeated many times pending the loan. I have made an exchange twice in the same day. It frequently happens that one particular class of security will be in demand when another is not. Suppose an individual wanted to borrow 100,000*l.* on consols, (every body perhaps wants consols at one time,) he will borrow it more economically on consols than on reduced, and *vice versâ*. It has happened to me that, when money is actually rated at 5 per cent. in the market for loans, namely, on Exchequer Bills or Bills of Exchange, or other security, so great has been the demand for Consols or New 3½, or some other stock for which the demand has been greater than the supply, that I have borrowed money on my Consols at 2 per cent. and lent the very same money at 5 per cent. on another Government security, the one being in demand and the other not. That is the reason why securities are so often exchanged.

4290. That does not apply to the exchange of one Exchequer Bill for another?—No, I refer to the exchange of one kind of security for another. Fourthly. The difference between the selling and buying price (the turn of the market) of Exchequer Bills is 2*s.* per cent., and the charge for commission 1*s.* per cent., so that many persons holding Exchequer Bills and having occasion for money, frequently prefer borrowing upon them, even at a very high rate of interest, rather than incur the certain loss of 4*s.* per cent. which the sale and repurchase must entail, and which might be considerably augmented by any adverse fluctuation in the market.

4291. The turn of the market is 2*s.* per cent. at the time of the transaction itself when the bargain is effected?—Yes.

4292. At that time the profit of the dealer is 2*s.* per cent.?—Yes, if he can realize it. If he has bought 5000*l.* Exchequer Bills of me at 40*s.*, he must find some person that will buy of him at 42*s.* before he can realize a profit. The jobber is in fact a speculator. I will take a transaction from the beginning. I say an individual has given me an order to sell 50,000*l.* Exchequer Bills, I go into the market and say, "What is the price of Exchequer?" They say, "40 to 42;" that means that they will buy 1000*l.* at 40 or sell 1000*l.* at 42. I say, "I must have a price in 5000*l.*" If it suits them they will say, ".5 with me, 5 with me, 5 with me," making 15, or they will say each, "10 with me;" it is for me to get those persons pledged to buy of me at 40, or to sell to me at 42, they not knowing which I mean: then I say, "Gentlemen I sell to you 20,000*l.* at 40." Then supposing my principal knew he wanted that money only for one month, that at the end of the month the 50,000*l.* would come in and he should have to repurchase his Exchequer Bills again, supposing the market remained quite unchanged during that time, he would have to give 42*s.* in the market for that he had sold at 40*s.*, 2*s.* being the difference between the buying and selling price. Besides that he would have to pay me 1*s.* per cent. on the sale of the bills, and 1*s.* on the purchase again, which makes 4*s.*

4293. That supposes a reinvestment?—Yes; and that is the reason why persons frequently borrow money at a higher rate of interest than the bills bear.

4294. Supposing a person does not want to purchase again?—If there were no reinvestment the principal would sell his bills, and there would be an end of it. But the question turns upon this, that the person has predetermined to hold Exchequer Bills for some reason or other, and that therefore it is more for his interest to take a loan on his Exchequer Bills rather than to sell and to purchase again. The jobber in Exchequer Bills is precisely the same as a man who buys a hogshead of sugar; he pays 2*l.*, I will say, for his hogshead in the gross, but he will sell it again in certain portions at two guineas. By means of the jobber who will buy at a certain price, and sell at a certain price, we are always sure of a market. But it is felt to be an object in dealing with the jobbers to prevent their knowing whether we are buying or selling until we have ascertained their price, and the amount to which we can make our bargain. Fifthly. Written contracts or memorandums are not passed between members of the Stock Exchange, except on the sale of Exchequer Bills or India Bonds, and then sold. Notes are delivered. All bargains are made *vivâ voce*, and are entered by each party in his books, agreeably to his method of keeping them. Sixthly. The settling days in the Stock Exchange occur once in every six or seven weeks; and as large transactions affecting the money market take place on those days, it is a common and very usual mode of dealing to make loans from one of those periods until the next. Having thus detailed the nature of our business, and the practices of the market, I would respectfully request the favour of the Commissioners to keep these circumstances constantly in view as forming the very basis of our transactions in this affair. I will now proceed to the immediate object of the Inquiry. 3000*l.* of the bills, No. 8304, 5 and 6, were received from Mr. J. W. Scott on 21st October last as security for the sum of 3000*l.* lent to him on that day until 26th October at 5 per cent. per annum. I took the bills to the Exchequer Bill Office on 22nd October, to inquire if they were genuine, and was told that they were so; but notwithstanding they have since been detained by order of the Lords of the Treasury. I will presently detail what took place when I went to the Exchequer Bill Office, The six thousand bills, No. 7067 7097 / 9 8411 / 6 | 1000 / 7071 8463, as well as the 43,000*l.* (deposited by us with the parties we have already named) numbered—

8401 to 10 | 10 | 1000 — 8412 to 6 | 5 | 1000 — 8429 to 36 | 8 | 1000 — 8457 to 62 | 6 | 1000 — 8739 / 85 / 7070 / 98 | 4 | 1000

6434 to 43 | 10 | 1000 were received from Mr. Edward Lloyd Morgan as security for loans made

to him at different times, amounting altogether to the sum of 49,000*l.* As many of these loans were several times renewed, and were made at various rates of interest, which rates average 4*l.* 13*s.* 9*d.* per cent. per annum, and as some of the bills have been exchanged, I have drawn out an account which, I trust, will place the whole of the transactions at one and the clearest point of view before the Commissioners; and I have added an Appendix of Loans made to other parties of high character, similar in every respect as to date, time, renewal, rate of interest, nature of security, and exchange of bills, as the most conclusive mode of proving by actual facts that the bills were taken in the usual course of our business, and treated in every respect as those received from other persons. And I should add, that these loans were made without any stipulations whatever, except as to time of repayment and rate of interest. The time frequently was for a few days, or a week, and never exceeded the period of a Consol account, viz., six or seven weeks, and the rate of interest was invariably the current rate of the day, the average of which being 4*l.* 13*s.* 9*d.* per cent. per annum, was below that charged by the Bank of England during the same period, their rate being both for loan and discount 5 per cent. per annum, and beyond this average rate of 4*l.* 13*s.* 9*d.* per cent. we never directly or indirectly have received any commission remuneration or advantage whatever. This account, corroborated by the original entries in our books, and subject to such examinations and proofs as the Commissioners shall deem sufficient to substantiate it, will, it is hoped, meet the inquiry as to the possession and receipt of the bills by way of deposit for loans, the amount, times, and renewal of such loans, the rates of interest, and the exchange of the bills; also, that they were received in the usual course of business. It now remains for me to state if any and what steps were taken to inquire as to the genuineness of the bills. No such steps were taken by us until the 22d October, when there were rumours of duplicate numbers being in circulation, but up to that period we never entertained the least doubt of the bills being genuine, and we humbly submit to the Commissioners that, it having been proved under the late Commission that the bills bore every external mark of authenticity, being printed from the genuine plate on the Government paper, and stamped with the proper official seal, there was no circumstance whatever which could have awakened suspicion; and I beg to call the attention of the Commissioners to the following short extract from the evidence given by Lord Monteagle and Mr. Eden, the Comptroller and Deputy Comptroller of the Exchequer. Mr Eden says,—"This is not a forgery, but an abstraction of Exchequer Bill paper, and a forgery of the signature." Lord Monteagle says,—"And I never can feel too grateful for the fact or accident that Mr. Smith, in the perpetration of his crime, did not mutilate the counterfoil remaining in his possession; had he done so, the public, and private individuals, might have suffered largely." It clearly appears that, by the counterfoil alone, and not by the signature, could the bills be discriminated,—and in fact the Paymasters themselves have received a large amount of these bills as genuine. But on the 22d of October, when there were rumours of duplicate bills being in circulation, we did make inquiry at the Exchequer Bill Office (the details I will presently mention), and the result of this inquiry was that the bills which I presented were declared to be genuine. I adduce this fact as conclusive and unanswerable evidence that it was impossible to distinguish one of the bills in question from an avowed genuine one. I will now detail my reason for going to, and what took place at, the Exchequer Bill Office. On 22d October, Mr. E. L. Morgan called at our office and said, "Have you heard these rumours about bills being forged? I don't believe a word of it—'tis impossible; but in order to set your mind at ease respecting mine, I will give you 5000*l.* bills belonging to the same party, and I believe you have some of the following numbers (perhaps you have not got yours at hand), take them up to the Exchequer, and see if they are forged or not, which will soon set the matter at rest, for if one is good they are no doubt all good; they all came from the same party." I took the 5000*l.* bills

brought by Mr. Morgan. No. 6421, 2, 3, 6445, 6493 } 5 | 1000; likewise No. 7097 1 | 1000, and No. 883 1 | 500, deposited with us by Mr. Morgan as security for money lent to him, together with the 3000*l.*, No. 8304, 5, and 6, received from Mr. J. W. Scott, making in all 9500*l.*, and proceeded to the Exchequer Bill Office. I there accidentally met Mr. Maubert, and in his presence presented the bills for examination, requesting to be informed if they were genuine Exchequer Bills? (These bills, we believe, were the first that were presented.) One of the clerks said, "The counterfoil of 3000*l.* of the bills only is in this Office;" he then took the 3000*l.* bills, and in the presence of another clerk, and in the sight of Mr. Maubert and myself proceeded to compare them with the counterfoil, and at first said, "The first bill does not appear quite to agree;" being quite alive to any observation of the sort, I said, "I think a small piece of one of the scrolls has been cut off;" the clerk replied, "We always pin on any piece that may happen to be cut off." I then observed that it was much too small to be pinned on. The two other bills were said to agree. I replied, "It is impossible that two should be genuine and the other not, being running numbers on the same page." The two clerks then placed the three bills together, and tried them again with the counterfoil, and said "Yes! when placed together it makes it out clearly; they are all right." The clerk, followed by Mr. Maubert and myself, then took the remaining bills to another office, where they were examined in the presence of more than one person, and returned to me with a declaration that they were genuine. Mr. Maubert immediately marked all the bills with his initials. I returned to the city perfectly satisfied that the rumours of forged bills were totally idle, and without the least foundation, and considered it quite unnecessary to take any other bills for examination. Had I not (as Mr. Morgan had informed me that they all came from the same

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party), however, relied upon the examination of the Government officers, but paid them in for scrip immediately, they would of course have been received by the Paymasters, as others were. I gave back the 5000*l.* bills to Mr. Morgan, telling him that they were declared to be genuine. We found, on the 27th October, that the 18,000*l.* bills, which we deposited with the London Joint Stock Bank, were said not to agree with the counterfoil, and we therefore thought it proper under such contradictory information from the Exchequer Bill Office, to pay our bills for script immediately, as the only means of tendering them to the Government for payment: this we did on the 28th October, when the whole of them were detained. I will conclude this branch of the subject with what took place before the late Commission respecting the foregoing facts as to the examination of the bills. On 15th January, 1842, I was summoned to attend the Commissioners, and after relating what took place when I went to the Exchequer, and being asked if I could identify the parties, Mr. Blake was called in and identified as one of the gentlemen in whose presence my bills were tested. He stated that he saw Smith compare the bills with the counterfoil, that *he* thought they did not agree, but owned that he let me go away under the impression conveyed by Smith that the bills were genuine. Mr. Blake could not say positively whether the March bills as well as the June bills were tested in the Comptroller's office in his presence. I was then ordered to withdraw. Before proceeding to prove the tabular statement which I have delivered, I must crave leave to say a few words upon the subject of the Appendix annexed to it, and the other instances of parallel cases which I shall adduce. On this head I feel that we are placed in a situation of peculiar embarrassment and delicacy as to divulging the names and transactions of parties with whom we have had dealings, the publication of which would be, without doubt, highly objectionable to the parties. But, as it is indispensably necessary, both in justice to our claim and our character, that the Commissioners should be fully satisfied that these transactions were *bonâ fide*, and done with parties of the undoubted character which we represent them to be, and which can only be proved by our laying the real names before the Commissioners, there is no alternative but to do so, and I feel much relieved in placing this delicate matter in such hands as those of your Lordship and the other Commissioners, from a confident conviction that whatever course you shall deem most proper to adopt with respect to their publication will be dictated by the nicest sense of propriety and a due regard to the feelings and interests of the parties at the same time, when they shall have been fully proved to your satisfaction, that you will embody them in your Report and certify that they were done with persons of the highest character. I would propose to prove these transactions by the regular entries in our books, supported by the testimony of our book-keeper, who settled them and can vouch for their reality and authenticity; but if this should not be considered sufficiently conclusive of the fact, I must request the favour that some of the parties, whose accounts are the most important, be summoned before the Commissioners. We understand that it has been stated, that renewals of loans are not customary, and are suspicious; also, that the rate of 5 per cent. interest in the month of October last was excessive. In reference to these points, I beg to direct the most particular examination to the transactions with Mr. Simon, Mr. Brunton, and Mr. Cole, furnished in our Appendix; the two former as applying to both points, and the latter as strikingly bearing on the rate current in October. Mr. Simon's loan is shown to have been continued from time to time for a period of seven months without interruption, and Mr. Simon then desired us to continue it for another period of seven weeks, but we did not do so as we had discontinued that branch of business on account of the detention of our bills as beforementioned; and we have reason to know that it commenced with other parties previously. The rate in October for this loan was 5 per cent., and yet it was done for a country banker of great respectability, as Mr. Simon informed us, *after* the discovery of this fraud. Mr. Brunton's loan was renewed from time to time for an uninterrupted period of one year and three months, at rates varying from 4 to 6 per cent., and with only a short interval had previously been with us and renewed for a period of six months, making in all about two years: the rates on the original loan varied from 4 to 8 per cent., at which last rate it was held for nearly two months. The rate in October for this loan was 5½ per cent., yet we have every reason to believe that this loan was for the eminent banking-house of Messrs. Glyn, Mills and Co.,* Mr. Brunton being their broker, and the stock having been transferred for us by Mr. George Carr Glyn, the bank receipt for which I now produce. But all this may be ascertained beyond doubt by calling Mr. Brunton. Thus we have two instances of brokers and bankers borrowing and renewing the loans for a long period at whatever the rate might be, the one on Exchequer Bills and the other on Bank stock; and I would confidently submit that, if *these* transactions be free from the taint of suspicion, our loans with Mr. Morgan must be equally so, the rates, times, and renewals being similar, and he being also the broker to an eminent and old established banking-house. Mr. Cole's loan is singularly important, as proving that 5 per cent. interest in October last was not excessive. On the 15th October he proposed to borrow of us on 50,000*l.* Consols, at 5 per cent., until 24th November; we declined to lend more than half that sum, and Mr. Ricardo lent the other half. Now we have every reason to believe that this money was borrowed for the most eminent establishment in the world, viz., the Bank of England, and that it was followed by large additional sums on the following days. This being for a public establishment, we would respectfully request that the chief cashier be summoned to prove the fact. The Bank of England itself, then, being a borrower at 5 per cent., such a rate could not be considered excessive or suspicious for Mr. Morgan, a private individual, to pay. As these are not matters of speculation or opinion, but facts of such undeniable character, I feel that any comment upon them would be superfluous. I beg to

* See the Evidence of Mr. Mills, p. 444.

offer my sincere thanks to the Commissioners for the patient attention which they have been so kind as to give to this statement. and, if agreeable to them, will proceed to the proofs.

4295. At what were the Bank lending at that time?—At 5 per cent. The stock was transferred into my name from the names of Cole and Mullens, the Bank brokers; and it is a well-known fact, that whenever stock comes out of their names, or goes into their names, it is for the Bank. I have every reason to believe that the money was borrowed for the Government.

4296. You have mentioned a tabular statement; has that been prepared correctly from your books?—It has been prepared by my partner, from my books. Every transaction, after he had drawn it, was compared and verified by me, and subsequently by our book-keeper.

Mr. *Frederick Harrison*, sworn and examined.

4297. Is the tabular statement now produced by you made up by yourself, from the books of your house?—It is.

4298. Is it correctly made out?—It is.

4299. It contains a full and true statement of the transactions?—Everything.

4300. Of all the transactions connected with the Exchequer Bills in the Schedule in which your house is concerned?—Yes, in respect of the transactions with Mr. Morgan.

The same was read (*Vide Paper A. pages* 246—251).

Mr. *Harrison*. There is another statement, in reference to our concerns with Mr. Scott, in forged bills.

4301. This is a correct statement of your transactions with Scott, relative to the 3000*l.* Exchequer Bills?—It is.

The same was read as follows:—

"Statement of the receipt of 3000*l.* Exchequer Bills by R, and W. Hichens and Harrison, deposited with them by J. W. Scott, as security for a loan of 3000*l.*

"On 21st October, 1841, Mr. Scott applied for a loan of 3000*l.*, until 23rd, on the security of Exchequer Bills; and it was agreed to lend him 3000*l.*, at 5 per cent. per annum, until 26th October. The 3000*l.* was then paid by cheque on Hanburys, Taylor, and Lloyd, and 3000*l.* Exchequer Bills, No. 8304, 5, 6 } 3 | 1000 deposited.

"These bills were presented at the Exchequer Bill office, on 22nd October, and declared to be good, but have since been detained by order of the Lords of the Treasury.

"Application was made to Mr. Scott, on 26th October, for repayment, but he was not prepared to pay. He has, since that time, paid 600*l.*"

4302. What bills among those in the Schedule do you hold on your own account?—We are holders on our own account, of nine of those bills.

4303. You claim as receiving from Scott from 8304 to 8306, and from Morgan, Numbers 7067, 7069, 7071, 7097, 8411, and 8463?—Yes. This is the comptroller's receipt for those bills, 7071, 8411, 8463, 8304 to 8306, 7067, 7069, and 7097. (*Receipt produced.*)

4304. (*To* Mr. *Hichens.*) Do you produce the cheques by which the payments were made for the transactions referred to?—I do.

Mr. *James Raper*, sworn and examined.

4305. You are clerk to Messrs. Hanbury and Company?—I am.

4306. Do you produce the ledger of that house?—I do, (*producing the same*).

4307. What entries do you find of checks by Messrs. Hichens and Harrison on the 13th of May in favour of Messrs. Morgan?—5,000*l.*

4308. On the 14th of May?—One of 3,000*l.*

4309. On the 24th of May?—10,000*l.*

4310. On the 29th of May?—500*l.*

4311. The 31st of May?—5,000*l.*

4312. The 2nd of June?—1000*l.*

4313. On the 21st of July?—500*l.*

4314. The 30th of July?—5,000*l.*

4315. The 3rd of September?—1000*l.*

4316. The 5th of October?—5000*l.*

4317. The 14th of October?—10,000*l.*

4318. Do you find a payment on the 21st of October to Scott?—Yes; of 3,000*l.*

4319. Does that book show that the cheques have passed through Jones Loyd and Company?—That appears by another book. The cheque for 3,000*l.* to Scott went through Williams, Deacon, and Company.

(*The Witness produced the books, and the entries were examined by the Commissioners*).

[*The Witness withdrew.*]

Adjourned till Thursday next at 11 *o'clock.*

(A.)—STATEMENT of R. and W. Hichens and Harrison of the Receipt of £49,000 Exchequer Bills deposited with them as Security for Loans of Money by Edward Lloyd Morgan, showing the Dates, Sums Advanced, Rates of Interest, Periods and Renewals of such Loans. Also the exchange of £12,000 Exchequer Bills, part of the said £49,000.

Remarks.	Exchequer Bills deposited.			Date.		Cash Advanced	Rate per Cent. Time. Renewals.	Remarks.	Exchequer Bills Returned.			ate.		Cash Repaid.	Rate per Cent. Time, Renewals.
			£.			£.									
Returned 25 May, see *contra*	5,894	5/1,000	5,000	May 13	Cash paid	5,000	At 6 per Ct. to 14th May	1 day Received 13 May	5,894	2/1000	2,000	May 25	Cash recvd.	2,000	
	6								6			May 25	Balance	6,000	
	5,893						Contd. 7 per Ct. to 17 May with our recall.	3 days.						£8,000	
Returned 7 June, in exchange for other Bills	5						Contd. 7 per Ct. to 21 May	4 days.							
	5,836						Contd. 7 per Ct. to 25 May	4 days.							
	5,982	3/1,000	3,000	May 14	Cash paid	3,000	At 7 per Ct. to 17 May, with our recall.	3 days.							
Claimed by Hoare	8,379						Contd. 7 per Ct. to 21 May	4 days.							
	8,385						Contd. 7 per Ct. to 25 May	4 days.							
						8,000									
				May 25	Balance	6,000	Contd. 5 per Ct. to 16 July	52 days.							
Returned 8th June, see *contra*	5,927	10/1,000	10,000	May 24	Cash paid	10,000	At 7 per Ct. to 28 May	4 days.							
	8						Contd. 5 per Ct. to 31 May	3 days.							
	3						Contd. 5 per Ct. to 7 June	7 days.							
Returned 7 June in exchange for other Bills	4						2000 at 5 per Ct. to 8 June	1 day.	5,927	3/1000	3,000	June 8	Cash recd.	£3,000	
	5						8000 at 5 per Ct. to 14 June	7 days. Recd. 24 May.	8						
	6						8000 at 5 per Ct. to 16 July	32days. Recd. 2 June.	5,953						
	5,919														
Returned 8th June in exchange for other Bills	20														
	1														
	2														
Claimed by London Joint Stock Bank	8,401	1/1,000	1,000	May 29	Cash paid and Exchequer Bill No. 873 1/500	500 0	At 5 per Ct. to 16 July	48 days.							
						500									
Claimed by London Joint Stock Bank	8,402	5/1,000	5,000	May 31	Cash paid	5,000	At 5 per Ct. to 16 July	46 days.							
Claimed by Mr. Margrave	3														
Claimed by London Joint Stock Bank	4														
	5														
Claimed by Hoare	6														
Returned 8th June, see *contra*	5,953	1/1,000	1,000	June 2	Cash paid	1,000	At 6 per Ct. to 3 June	1 day.							
							Contd. 6 per Ct. to 7 June	4 days.							
							Contd. 5 per Ct. to 8 June	1 day.							
	8,432	8/1,000	8,000	June 7	Received in exchange for £12,000 given up as per contra, which were advertized to be paid off.		For similar exchange of Bills with others see annexed Appendix on this date.	Received 13 May	589,3	8/1000	8,000	June 7	Given up, (as being advertized to be paid off) in exchange for £12,000 deposited as per contra.		
	3								5						
	4								5,836						
Returned 4th October, see *contra*	5							Received 14 May	5,982						
	6							Received 24 May	5,923						
	8,429								4						
	30								5						
	1								6						
Claimed by Hoare	8,457	4/1,000	4,000	June 7				Received 24 May	5,919	4/1000	4,000	June 8			
	8								20						
	9								1						
	60								2						
													Balance	20,000	
						23,000								23,000	

Claimed by London Joint Stock Bank	8,407	13/1000	13,000	July 16	Balance	20,000	Contd. 4 per Ct. to 26 Aug.	41 days.
	8			July 14	Cash paid	13,000	At 4 per Ct. to 28 July	14 days.
	9						Contd. 4 per Ct. to 26 Aug.	29 days.
	10							
Claimed by Hoare	1							
	2							
	3							
	4							
	5							
	6							
	8,461							
	2							
	3							
Sold, see Contra, having been first stamped as good	883	1/500	500	July 21	Cash paid	500	At 4 per Ct. to 26 Aug.	36 days.
Ourselves	7,067	5/1000	5,000	July 30	Cash paid	5,000	At 4 per Ct. to 13 Aug.	14 days.
	9						Contd. 4 per Ct. to 27 Aug.	14 days.
Claimed by Hoare	70							
Ourselves	1							
Claimed by Hoare	7,098							
						38,500		
				Aug. 26	Balance	20,500	Contd. 5 per Ct. to 14 Oct.	49 days.
						13,000	Contd. 4½ per Ct. to 14 Sept.	19 days.
							Contd. 5 per Ct. to 14 Oct.	30 days.
				Aug. 27	Balance	5,000	Contd. 4½ per Ct. to 14 Sept.	18 days.
							Contd. 5 per Ct. to 14 Oct.	30 days.
Ourselves	7,097	1/1000	1,000	Sept. 3	Cash paid	1,000	At 5 per Ct. to 14 Oct.	41 days.
Claimed by Hoare	8,432	5/1000	5,000	Oct. 5	Cash paid	5,000		
	3							
	4							
	5							
	6							
						44,500		
Claimed by London Joint Stock Bank	6,434	10/1000	10,000	Oct. 14	Balance	20,000	Contd. 5 per Ct. to 28 Oct.	14 days.
	5			Oct. 14	Cash paid	19,500	Contd. 5 per Ct. to 25 Nov.	42 days.
	6					10,000	At 5 per Ct. to 14 Nov.	31 days.
	7							
	8							
	9							
	40							
	1							
	2							
	3							

For similar transactions see annexed Appendix.

For similar transactions see Appendix.

For similar transactions see Appendix.

For similar transactions see Appendix.

				Aug. 26	Balance	33,500		
				Aug. 27	Balance	5,000		
						38,500		
Recd. 7 June	8,432	5/1000	5,000	Oct. 4	Cash receivd.	5,000	At 4 per Ct. to 5 Oct.	
	3							
	4							
	5			Oct. 14	Balance	39,500		
	6							
						44,500		
	883	1/500	500		Exchequer bill sold.	500		

NOTE.—The Interest being at various Rates, will stand as follows:—

That at 4 per Ct. amounted to	£167	17	9
Do. 4½ do.	42	3	4
Do. 5 do.	354	17	0
Do. 6 do.	1	12	11
Do. 7 do.	24	11	0
Total . . .	591	2	0

This interest at 5 per Ct. amounts to £18. 18s. leaving £7. Cs. surplus.

Being an average rate of £4. 13 9 per Ct. per Annum £591 2 0

Examinations.

Analysis.

7th June, 1842.

ANALYSIS.

£1,000	No. 8,403	1/1000	Is held by and belongs to T. J. Margrave for advance of . . Who has the Comptroller's receipt.	£1,000
18,000	8,401	8/1000	Are held by and belong to London Joint Stock Bank for advance of . . . . . Who have the Comptroller's receipt.	18,000
	2			
	4			
	5			
	7			
	8			
	9			
	10			
	6,434 to 6,443	10/1000		
24,000	8,379	3/1000	Are held by and belong to Messrs. Hoare for advance of . . Who have the Comptroller's receipt.	24,000
	8,385			
	8,406			
	8,429 to 36	8/1000		
	8,457 to 62	6/1000		
	8,412 to 6	5/1000		
	7,070	2/1000		
	7,098			
43,000				43,000
6,000	8,411	6/1000	The following are in our own hands :— For an advance of . . . . . We hold the Comptroller's receipt.	6,000
	8,463			
	7,067			
	9			
	7,071			
	7,097			
£49,000				£49,000

NOTE.—As these Bills are held by us, in our own names and on our own account, the particulars of the advances and renewals are set forth in detail separately.

PARTICULARS OF £6,000 ACTUALLY HELD BY HICHENS AND HARRISON.

8,411 8,463	2/1000	£2,000	On 14 July, for loan of .	£2,000	At 4 per cent. to 28 July, being 14 days. Renewed at 4 per cent. to 26 Aug. being 29 days. Do. 4½ ,, to 14 Sept. ,, 19 ,, Do. 5 ,, to 14 Oct. ,, 30 ,, Do. 5 ,, to 28 Oct. ,, 14 ,,
7,067 9 7,071	3/1000	3,000	On 30 July, for loan of .	3,000	At 4 per cent. to 13 Aug. being 14 days. Renewed at 4 per cent. to 27 Aug. being 14 days. Do. 4½ ,, to 14 Sept. ,, 18 ,, Do. 5 ,, to 14 Oct. ,, 30 ,, Do. 5 ,, to 28 Oct. ,, 14 ,,
7,097	1/1000	1,000	On 3 Sept., for loan of .	1,000	At 5 per cent. to 14 Oct. being 41 days. Renewed at 5 per cent. to 28 Oct. being 14 days.
		£6,000		£6,000	

SHOWING LOANS with various Persons parallel to those with Mr. Morgan, as to Date, Rate per Cent.,

Loans with E. L. Morgan.			Loans with L. M. Simon, on Exchequer Bills.			Loans with E. Mortimer and Co., on Exchequer Bills or India Bonds.			Loans with J. Linton, on Exchequer Bills or India Bonds.		
	£.		April 15	£. 30,000	At 3½ p. ct. to 25 May		£.			£.	
May 13	5,000	6 per ct. to 14 May	..	..	..	..	..	..	May 13	3,000	6 per ct. to 18 May
14	3,000	7 per ct. to 17 May	..	..	..	..	..	..	14	5,000	7 per ct. to 17 May
17	..	7 per ct. to 21 May	..	..	..	..	..	..	*Conr.* 17	..	6 per ct. to 24 May
21	..	7 per ct. to 25 May	..	..	..	..	..	..	..	..	..
24	10,000	7 per ct. to 28 May	..	..	..	..	..	..	..	..	..
25	6,000	5 per ct. to 16 July	May 25 (*cont.*)	30,000	5 per ct. to 16 July	May 25	10,000	5 per ct. to 16 July	May 25 (*cont.*)	5,000	6 per ct. to 8 June
28	10,000	5 per ct. to 31 May	..	..	..	..	..	..	..	..	..
29	1,000	5 per ct. to 16 July	..	..	..	..	..	..	..	..	..
31	5,000	5 per ct. to 16 July	..	..	..	..	..	..	May 31	5,000	5 per ct. to 14 June
	10,000	5 per ct. to 7 June									
June 2	1,000	6 per ct. to 3 June	..	..	..	..	..	..	..	..	..
3	1,000	6 per ct. to 7 June	..	..	..	..	..	..	..	..	..
7	3,000	5 per ct. to 8 June	..	..	..	..	..	..	..	..	..
7	8,000	5 per ct. to 14 June	..	..	..	..	..	..	..	..	..
7	12,000 bills advertised to be paid off, exchanged for other 12,000 this day.		..	..	..	June 7	The 10,000*l.* bill for this loan being advertised to be paid off, were exchanged for 5,000 other bills, and 5,000 East India Bonds this day.				
14	8,000	5 per ct. to 16 July	..	..	..	..	..	..	..	..	..
14	..	..	..	..	..	..	..	..	June 14 (*cont.*)	5,000	5 per ct. to 21 June
									June 21 (*cont.*)	5,000	5 per ct. to 28 June
									June 28 (*cont.*)	5,000	5 per ct. to 5 July
									July 5 (*cont.*)	5,000	5 per ct. to 13 July
July 14	13,000	4 per ct. to 28 July	..	..	..	..	..	..	July 13	5,000	4 per ct. to 15 July
16	20,000	4 per ct. to 26 Aug.	July 16 (*cont.*)	20,000	4 per ct. to 26 Aug.	..	..	..	..	..	..
21	500	4 per ct. to 26 Aug.									
30	5,000	4 per ct. to 13 Aug.	..	..	..	..	..	..	..	..	..
28	13,000	4 per ct. to 26 Aug.									
Aug. 13	5,000	4 per ct. to 26 Aug.	..	..	..	Aug. 17	15,000	5 per ct. to 26 Aug.	..	..	..
26	18,000	4½ per ct. to 14 Sep.	..	..	..	26 (*cont.*)	15,000	4½ per ct. to 16 Sep.	..	..	..
26	20,500	5 per ct. to 14 Oct.	Aug. 26 (*cont.*)	20,000	4½ per ct. to 14 Oct.	..	..	..	..	..	..
Sep. 3	1,000	5 per ct. to 14 Oct.	..	..	..	..	..	..	Sep. 1	5,000	6 per ct. to 3 Sep.
									2	5,000	5 per ct. to 9 Sep.
14	18,000	5 per ct. to 14 Oct.	..	..	..	Sep. 16 (*cont.*)	15,000	5 per ct. to 14 Oct.	..	..	..
						Oct. 5	11,570	6 per ct. to 14 Oct., on Consols.	..	..	..
Oct. 14	19,500	5 per ct. to 25 Nov.	Oct. 14 (*cont.*)	20,000	5 per ct. to 25 Nov.	..	..	..	..	..	..
	20,000	5 per ct. to 28 Oct.									
14	10,000	5 per ct. to 14 Nov.									
						Oct. 21	10,000	5 per ct. to 25 Nov.			
						23	10,000	5 per ct. to 25 Nov.			

MEM.—This 20,000 was desired to be continued at 5 per cent. from 25th November until January, 1842, which would have been an uninterrupted period of 9 months; and we have every reason to suppose that loans upon these bills were made with other parties long prior to 15th April, when we first commenced with it.

DIX,

Period and Renewal, and Security. Also Exchange of Exchequer Bills, when advertised, &c. &c.

Loans with A. J. Brunton, on Bank Stock.			Loans with Sundry Persons as specified in Exchequer Bills, unless otherwise mentioned.				
	£.				£.		
April 15	25,800	At 4 per ct. to 25 May.					
..	..	..	May 11	D. Ewart.	2,000	8 per cent. to 12 May.	
..	..	..	13	Ditto	2,000	6 per cent. to 18 May.	
..	..						
..	..	..	17	S. Stallard	8,000	6 per cent. to 18 May	On Consols and Reduced Three per Cents.
..	..	..	21	Ditto	15,500	7 per cent. to 25 May	On Reduced Three per Cents. and Annuities.
..	..	..	21	J. Harrison	7,000	6 per cent. to 25 May	On Long Annuity.
May 25 (*continued.*)	25,800	5½ per cent. to 16 July	25	D. Ewart.	8,000	6 per cent. to 28 May.	
				F. Medley	5,000	6 per cent. to 28 May.	
				J. Hensley	27,000	8 per cent. to 28 May	On Consols and Reduced.
				M. Richardson	9,000		
				Raincock.	8,000		
				Wood.	4,500		
			26	A. Baily	10,000	7 per cent. to 28 May	On Reduced Three per Cents.
				Cole and Mullens	20,000	7 per cent. to 27 May.	
..	..	..	28	A. Baily	10,000	5 per cent. to 1 June	On Reduced Three per Cents.
..	..	..		F. Medley	5,000	5 per cent. to 31 May.	
..	..	..	31	D. Ewart.	2,000	5 per cent. to 4 June.	
..	..	..	June 3	C. Keyser	20,000	7 per cent. to 13 June	On Reduced Three per Cents.
..	..	..	4	S. Stallard	10,000	7 per cent. to 5 June	On Annuities.
..	..	..		D. Ewart.	2,000	6 per cent. to 17 June. 5 per cent. to 1 July.	
..	..	..	7	C. and T. Brown	15,000	5½ per cent. to 17 June.	
..	..	..	8	Cooper	2,000	6 per cent. to 17 June.	
..	..	..	8	Keyser	13,500	5½ per cent. to 16 July	On Reduced Three per Cents.
..	..	..	9	W. Scott	7,000	6 per cent. to 17 June.	
..	..	..	10	S. Stallard	3,000	6 per cent. to 16 July	On Consols.
			11	Mieville	10,000	6 per cent. to 15 June	On Old South Sea Annuities.
			19	F. Medley	5,000	6 per cent. to 22 June.	
			19	P. Samuel	5,000	5 per cent. to 16 July.	
				S. Stallard	5,500	6½ per cent. to 19 July	On New Three and a Half per Cents.
..	..	..	July 2	F. Mieville	11,700	6 per cent. to 9 July	On Reduced Three per Cents.
July 16 (*continued.*)	25,800	4 per cent. to 26 Aug.	6	Capel Co.	30,000	4½ per cent. to 16 July.	
..	..	..	30	D. Ewart	3,000	4 per cent. to 6 Aug., and continued to 24 Aug.	
..	..	..	Aug. 18				
..	..	..	18	Mieville	2,700	5½ per cent. to 20 Aug.	On Reduced Three per Cents
..	..	..		J. Harrison	1,300	6 per cent. to 20 Aug.	On Annuities.
Aug. 26 (*continued.*)	25,800	5½ per cent. to 14 Oct.					
..	..	..	Sep. 1	Towgood	3,000	6 per cent. to 3 Sep.	
..	..	..		W. Scott	7,000	5 per cent. to 2 Sep.	
				G. Cooper	10,000	5 per cent. to 2 Sep.	
				Mieville	9,000	6 per cent. to 7 Sep.	On Consols.
			2	Lawrence	10,000	5 per cent. to 14 Sep.	On Consols.
				H. Raincock	8,950	5 per cent. to 15 Sep.	On Consols.
				R. Garland	2,700	6 per cent. to 14 Oct.	On Reduced.
				Sundry persons	13,000	5 per cent. to 14 Oct.	On Reduced Three per Cents.
..	..	..	4	Lawrence	10,000	5 per cent to 8 Oct.	On Reduced Three per Cents.
			15	Capel Co.	15,000	5 per cent. to 17 Sep.	
			17 to 24	Sundry persons	82,000	5½ and 6 per cent., from 3 days to 3 weeks.	On Reduced Three per Cents.
..	..	..	29	Wilkinson	9,000	6 per cent. to 14 Oct.	On Consols.
Oct. 14 (*continued.*)	25,800	5½ per cent. to 25 Nov.	Oct. 5 to 12	Sundries	70,000	6 to 8 per cent.	On Consols.
			14	Cole and Mullens	17,600	5 per cent. to 15 Oct.	On Consols.
			15	Ditto	22,000	5 per cent. to 24 Nov.	On Consols.
			16	Capel Co.	20,000	5 per cent. to 19 Oct.	
			18	Cole and Mullens	40,000	5 per cent. to 25 Oct.	
			20	Ditto	8,000	5 per cent. to 21 Oct.	
				Ditto	17,600	5 per cent. to 28 Oct.	On Stock.
			22	Maubert	17,500	5 per cent. to 26 Nov.	On Consol Scrip.
			25	Ditto	20,000	5 per cent. to 25 Nov.	On Consol Scrip.
			23	Cole and Mullens	30,000	5 per cent. to 26 Oct.	
			25	Ditto	19,000	5 per cent. to 1 Nov.	

MEM.—This loan commenced in August, 1840, and was continued, at rates from 4 to 6 per cent., until 25th November, 1841, an uninterrupted period of 15 months, and it was desired to be continued from 25th November, 1841, to January, 1842. It originally began with us in November, 1839, at 8 per cent., until 16th January, 1840, and continued at 5, 4½, and 4 per cent. until 26th May, making, therefore, with a slight interval, a period of 2 years. We tender a detailed account of this transaction.

THURSDAY, 9th June, 1842.

The EARL of DEVON in the Chair.

Robert Hichens, Esq., further examined.

Examinations. 9th June, 1842. Robt. Hichens, Esq.

4320. Are there any further papers you wish to lay before the Commissioners?—I have thought it important to lay before the Commissioners copies of the correspondence between the Treasury and our house on the subject of the prosecution of Rapallo. We were extremely desirous to prosecute Rapallo, being informed by counsel that it was very important that trial should go on, because there would then be evidence on the question of the making and issuing of Exchequer Bills, and an opportunity would be afforded to us of placing on record the mode and manner of our taking those bills. The Treasury, doubtless from very proper motives, declined to furnish us with information which would enable us to prosecute Rapallo to conviction; but we wish it to appear that we were not afraid of any disclosures which might be made in the course of the trial.

(*The same were delivered in.*)

4321. Have you made any claim on Mr. Morgan?—I have made a legal claim on him as the loans became due. I have demanded payment of the money.

4322. Have you taken any steps against him?—No; I was advised not to proceed against him by my counsel, into whose hands I put myself.

[*The Witness withdrew.*]

Mr. *Alfred Richard Cutbill* further examined.

Mr. A. R. Cutbill.

Mr. *Cutbill.*—When last I had the honour of attending before the Commissioners they desired me to bring with me the correspondence between ourselves and the officers of Government. I now have it before me. The first letter we wrote to Lord Monteagle was the 1st of November, 1841; to that we received no direct reply; but on the 11th of November Mr. Maule wrote to me with regard to it; to which I replied, by fixing an appointment to meet at the Treasury, accompanied by our solicitor, Mr. Amory, which appointment I attended. These I produce are the original letters sent to me, and copies of my answers.

(*The same were delivered in.*)

Something was said on a former occasion of our not having sent in the bills to the Exchequer Office in the usual course. Mr. Amory and myself attended with the bills in our hands, tendering them to my Lord Monteagle on conditions to which his Lordship did not think fit to accede, and consequently we took them away with us. The Commissioners wished me to exhibit entries of the payments on the two cases which constitute the existing loan; they were loans made on the 14th and 21st of July at 5 per cent. This is our waste-book, and there is an entry on the 14th of July, "Paid F. De Berckem's draft, 6000*l.*," by the notes referred to in my former evidence.

(*The entry was inspected by the Commissioners*).

On the 21st of July there is an entry of a payment to De Berckem of 4000*l.* by the notes to which I have before referred.

(*The entry was inspected by the Commissioners*).

4323. Those entries were made at the time?—They were; on referring to our books in the earlier career of these bills, it will appear that the capital of the Bank as subscribed, was always invested in Government securities and generally at as high an interest as 6 per cent. stock transferred into the names of the trustees on Exchequer Bills; that was at a time when money was generally ruling higher than it has of late.

4324. Can you give the dates at which you lent on Exchequer Bills at those rates?—I have not the precise date, but ranging over 1839. Since the alteration with regard to the Usury Laws, that strict adherence to the system of 5 per cent. has been very much departed from and there have been great fluctuations on loans; the Commission of one-eighth per cent. which is generally taken, makes 5 per cent, for 10 days. We have a late transaction in which our broker lent for us at 4¾ on Consols, and he gets one-half per cent. for a loan to the 15th of July.

4325. From what time?—From the shutting on the 28th of May; we have money now advanced on that security.

[*The Witness withdrew.*]

John Henry Latham, Esq. further examined.

J. H. Latham, Esq.

4326. You have in your possession an instrument purporting to be an Exchequer Bill, No. 8380?—I have. (*producing the same.*)

(*The same was delivered in.*)

4327. That bill was impounded by you by order of the Treasury, when it was brought up?—It was.

4328. By whom was it brought up?—It was brought up by a person of the name of Mead, who was clerk to Messrs. Bridger and Blake. This is a letter addressed to me by Messrs. Bridger and Blake, explaining how they came to be possessed of the bill.

The same was read as follows:—

Examinations.

J. H. Latham, Esq. 9th June, 1842.

"SIR, "32, Finsbury Circus, March 21, 1842.

"WE understand from our clerk, Mr. Mead, that he on Saturday last, in answer to your enquiries relative to the Exchequer Bill presented by him, and No. 8380, stated by mistake that the bill had been purchased by our client, Mr. John Blake, the holder thereof; we, therefore, think it right to correct such error, by stating to you the facts of the case.

"Mr. John Blake is a farmer residing at Ford, near Salisbury, and is executor and trustee under his father's will.

"He banks at the Wilts and Dorset Banking Company, Salisbury, and in the month of October, 1841, Mr. Scott, who is a clerk in that establishment, knowing that Mr. Blake had money there which he wished to place out at interest applied to Mr. Blake, to advance 1000*l.* to his (Mr. Scott's) brother, who resided in London, on the deposit of an Exchequer Bill, which Mr. Blake agreed to do, thinking it was as good a security as he could possibly have.

"At the time Mr. Scott borrowed the money, he gave a memorandum, which is in the following words:—

"Borrowed of

"Per Mr. J. W. Scott, Wilts and Dorset Bank, Salisbury, 1000*l.*, at 4½ per cent. interest for three months, on Exchequer Bill as security, No. 8380.

"£1000, 15th March. "London, 9th October, 1841.

"J. W. Scott, 3, Bartholomew Lane."

"The 1000*l.* advanced by Mr. Blake is trust-money belonging to Mr. Blake's mother, who is a widow, and it is nearly the whole of her property, and on which she depends for support.

"We are, Sir,

"Your very obedient Servants,

"*J. H. Latham, Esq., Exchequer Bill Office,* "BRIDGER AND BLAKE."

"*Westminster.*"

[*The Witness withdrew.*]

Mr. *John Bush* further examined.

Mr. John Bush.

4329. Do you produce a copy of the will of Mr. Solari, with the Act of Court?—I do; an official copy from the Prerogative Office in Doctors Commons. I have examined it with the original will deposited in that office.

The same was read as follows:—

"THIS is the last Will and Testament of me, Angelo Solari, of Harleyford-road, Vauxhall, in the county of Surry, gentleman. After the payment of all my just debts, and funeral, and testamentary expenses, I give and bequeath all my money, securities for money, goods, chattels, effects, and personal estate of every description unto my dear wife, for her own absolute use and benefit; and I hereby appoint her and my friend Ernest Rapallo, of Wandsworth-road, in the said county of Surry, gentleman, executrix and executor of this my Will, hereby revoking all former Wills by me at any time heretofore made: In witness whereof I have hereunto set my hand and seal this twentieth day of September, One thousand eight hundred and forty.

A. SOLARI. (L.S.)

"Signed, sealed, published, and declared by the above-named testator, as and for his last Will and Testament, in the presence of us, who, in his presence at his request, and in the presence of each other have hereunto subscribed our names as witnesses.

"W. B. GREEN, Solicitor, 8, Basinghall-street,

"THOMAS GODWIN, 5, Angel-court.

"Proved at London, 4th February, 1841, before the Worshipful William Robinson, Doctor of Laws, and Surrogate, by the oath of Eliza Solari, widow, the relict, one of the executors, to whom administration was granted, having been first sworn duly to administer. Power reserved of making the like grant to Ernest Rapallo, the other executor, when he shall apply for the same.

"CHARLES DYNELEY,
"JOHN IGGULDEN,
"W. J. GOSTLING,
} Deputy Registers."

[*The Witness withdrew.*]

Mr. *Joseph Choat Sawen Mead* sworn and examined.

4330. You are clerk to Messrs. Bridger and Blake?—I am.

4331. By their direction did you take up an Exchequer Bill, No. 8380, to the Government Office for examination?—I did.

4332. To what office did you take it?—To the Paymasters' of Exchequer Bills.

4333. At what time was this?—I think it was in March last.

4334. What occurred?—I delivered the bill in, and they gave me a receipt for it.

Examinations.

Mr. J. C. S. Mead. 9th June, 1842.

4335. Was the bill examined while you were there?—Not at that time; they said I must call again about the 15th or 16th.

4336. Did you call again about the 15th or 16th?—I did.

4337. What passed?—I was then told it was a forgery.

4338. Were you told it had been examined?—Yes.

4339. Was it returned to you or kept?—It was kept. This is the receipt for it, (*producing it.*)

4340. Is that the bill you so carried up? (*The bill produced by Mr. Latham this morning being shown to the Witness.*)—It is; this is my name on the back of it.

4341. You knew nothing of the bill before it was placed in your hands by your employers? —Nothing.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 10th June, 1842.

The EARL of DEVON in the Chair.

Mr. *John Lawford,* further examined.

Mr. J. Lawford. 10th June, 1842.

4342. Were the Exchequer Bills Nos. 8275 to 8277, part of the numbers originally deposited by Mollett with Messrs. Currie and Company?—I am afraid I cannot give that information. Until the 4th of June there was no note taken of the numbers. When the loan was first made to Mollett it was supposed the loan would be made but for a short time, and they were merely put up and no account taken of the numbers.

4343. You did not take an account of them until three had been withdrawn?—No.

[*The Witness withdrew.*]

Matthew Marshall, Esq., further examined.

M. Marshall, Esq.

4344. You referred in your former evidence to something mentioned to you by a very leading man in the city as to something going wrong in the Exchequer Bill market. Will you have the goodness to state the name of your informant?—Mr. John Allcard, of the firm of Overend, Gurney, and Company,

4345. Who has the counterpart receipts of the eight Exchequer Bills which belong to the Bank?—I have those.

4346. Have you the counterpart receipts of any others?—No.

4347. You stated on the former occasion that there were certain bills in which the Bank had a direct interest, forming a part of the 51,000*l.* in the name of Coutts and Company. Were those 8278 to 8282, and 8374 to 8376?—Yes.

4348. Were those bills returned upon the Bank by William Scott and Son?—They were in fact returned upon the Bank by Cole and Mullens, our brokers. Cole and Mullens then purchased by my direction an equal amount of the same date to replace them.

4349. Do you produce the counterpart receipts for those?—This is the Comptroller General's receipt for those bills (*producing the same*).

4350. Do you happen to have the counterpart receipts for any other bills in the schedule? —I have the counterpart receipts for 7052 to 7055. Mr. Clapcott has not applied for them (*producing the same*). Then I have also the receipt for 7100 and 7101, two under precisely similar circumstances delivered in by G. E. Cooper; he has had his stock; then there is a third receipt for 7066 and 7099 in the name of Lawford Richardson; he has also had his stock.

4351. Those are all you have?—Yes.

4352. The other counterpart receipts you held in your hands have been distributed to the different claimants?—Yes. With respect to the four last bills, Nos. 7066, 7099, 7100 and 7101, they were delivered to the Bank on account of the Government, to be funded on the 27th of October, 1841; sent to the paymasters on the following day—detained at the Exchequer as not agreeing with the counterfoils and Lord Monteagle's receipt given to that effect.

4353. The ordinary transaction which would have taken place with respect to them was stopped?—Yes, it was left incomplete.

4354. With respect to the eight bills which you have mentioned after they had been returned back on the Bank; you have mentioned that the Bank commenced an action against Tomkins from whom they had received those bills?—It was placed in the hands of the Solicitor of the Bank with directions to apply to him for payment.

4355. Are you able to state of your own knowledge whether the Bank has ever received any payment from Tomkins in respect of those bills?—I can state from my own knowledge that they have not.

4356. The consequence is that the Bank is now the proprietor of the bills in question? —Yes.

4357. That is the whole claim of the Bank in this matter?—It is. I have brought with me explanations with respect to certain Exchequer Bills referred to in the schedule to the Act which I noticed in my former examination.

(*The same was delivered in and read.*)

(A.)—EXPLANATIONS with respect to certain Exchequer Bills referred to in the Schedule of the Act 5 Vic. Sess. 2, Cap. 11.

No. of Receipt in Schedule.		Numbers.	Act.	Total Amount.	
1	5	8319 to 8323	3 & 4 Vic. c. 106	16,000	Delivered to the Bank on account of the Government by John Squire (Ransom and Co.), on 28th October, 1841, to be funded; but not agreeing with the counterfoil, were detained at the Exchequer, Lord Monteagle giving his receipt, which was delivered to Mr. Squire on the 30th of the same month.
	1	8384	3 & 4 Vic. c. 106		
	7	6498 to 6504	4 Vic. c. 19.		
	1	7065	4 Vic. c. 19.		
	2	7104, 7105	4 Vic. c. 19.		
	16				
Other receipts	2	8307, 8308	3 & 4 Vic. c. 106	2,000	John Holderness, for Wolfe, Brothers, and Co., 23, Change Alley.
	4	7052 to 7055	4 Vic. c. 19.	4,000	G. B. Clapcott, Sydney Place, Bath.
	1	7069	,, ,,	3,000	Frederick Harrison, Stock Exchange.
	1	7067	,, ,,		
	1	7097	,, ,,		
	10	6434 to 6443	,, ,,	18,000	Hichens and Harrison, Stock Exchange.
	2	8401, 8402	3 & 4 Vic. c. 106		
	2	8404, 8405	,, ,,		
	4	8407 to 8410	,, ,,		
	1	7070	4 Vic. c. 19		
	1	7098	,, ,,		
	1	8379	3 & 4 Vic. c. 106		
	1	8385	,, ,,	24,000	
	1	8406	,, ,,		
	5	8412 to 8416	,, ,,		
	8	8429 to 8436	,, ,,		
	6	8457 to 8462	,, ,,		
	1	8411	,, ,,	5,000	Frederick Harrison, Stock Exchange.
	1	8463	,, ,,		
	3	8304 to 8306	,, ,,		
	2	7066, 7099	4 Vic. c. 19.	2,000	Lawford Richardson, Stock Exchange.
	2	7100, 7103	,, ,,	2,000	G. E. Cooper, Stock Exchange.
	60			60,000	Delivered to the Bank on account of Government to be funded on 27th October, 1841; sent to the Paymasters on the following day; detained at the Exchequer as not agreeing with the counterfoils, and Lord Monteagle's receipts given to that effect.

Name of Party in the Schedule.		Numbers.	Act.	Total Amount.	
The Paymasters of Exchequer Bills.	3	8275 to 8277	3 & 4 Vic. c. 106	3,000	Alfred Cutting, Stock Exchange.
	12	8417 to 8428	,, ,,	12,000	Lawford Richardson, Stock Exchange.
	1	7072	4 Vic. c. 19.	3,000	Jonas Levy, Stock Exchange.
	2	7074, 7075	,, ,,		
	3	7083 to 7085	4 Vic. c. 19.	8,000	Lewis Levy, Stock Exchange.
	5	7087 to 7091	,, ,,		
	2	7092, 7093	4 Vic. c. 19.	2,000	Lawford Richardson, Stock Exchange.
	5	7058 to 7062	4 Vic. c. 19.	5,000	J. J. Hensley, Stock Exchange.
	33			33,000	Standing in the schedule under the title of "The Paymasters of Exchequer Bills." The bills were delivered to the Bank on account of the Government, to be funded on 26th October, 1841; were sent to the Paymasters on the following day, and included in their receipt of that date for 46,700. Standing in the schedule under the title of "The Paymasters of Exchequer Bills." Delivered to the Bank on account of the Government, to be funded on 23rd October, 1841. Sent to the Paymasters on the 25th of the same month, and included in their receipt of that date for 17,000*l*. Standing in the schedule under the title of "The Paymasters of Exchequer Bills." Delivered to the Bank on the 26th October, 1841, to be funded. Sent to the Paymasters on the following day, and included in their receipt of that date for 46,700*l*. In the same condition as the preceding, except that Mr. Hensley afterwards paid the amount in money to the Bank.
James Capel (Coutts and Co.)	5	8278 to 8282	3 & 4 Vic. c. 106	8,000	Part of 51,000*l*. standing in the schedule in the name of "James Capel (Coutts and Co.)" These bills were part of 11,000*l*., deposited by Henry Tomkins on the 23rd September, 1841, as security for a loan, and not having been redeemed at the appointed time were sold to reimburse the Bank on the 23rd October, 1841; but in consequence of their detention at the office of the Comptroller of the Exchequer, the Bank replaced the bills by the purchase of a like amount in the market.
	3	8374 to 8376	,, ,,		

Bank of England, 10th June, 1842. M. MARSHALL, *Chief Cashier.*

[*The Witness withdrew.*]

Examinations.

Sir N. H. Nicolas. 10th June, 1842.

Sir *Nicholas Harris Nicolas,* sworn and examined.

4358. The Commissioners understand that you are in possession of some information which is deemed material to the object of their inquiry?—I have been for upwards of 15 years on the most intimate and confidential terms with Lord Strangford. I make that statement to show that my interference in the matter was entirely of a personal and private nature, and not a professional one. On Saturday the 30th of October last Lord Strangford called upon me, and told me that he was placed in a situation of considerable difficulty and annoyance, and he informed me that on Friday the 15th of October, he had gone into the city for the purpose of making an enquiry relative to some steam boats, having to send a parcel to his daughter in Scotland; that on his return he accidentally met Mr. Morgan, a stock broker, whom he had known for a great many years; that in reply to Lord Strangford's question, "What news to-day," Mr. Morgan said, "Pretty news indeed—cannot get money on Exchequer;" on which, as I understood, his lordship, expressed some surprise indicating what had he to do with the Exchequer, not knowing that he meant Exchequer Bills. It was then represented by Mr. Morgan that he Mr. Morgan had a pressing necessity for an advance on a large amount of Exchequer Bills; that his own private banker had declined making any further advances; and that he had been disappointed in obtaining it from the Bank: and he then said, "Do you think, my lord, that the Coutts's, your bankers, would do it?" To which Lord Strangford told me he replied, he did not know, but that if he would put himself into a cab and go to the Coutts's he would ask them; that they did go to Coutts's accordingly; that the Coutts's assented to make the advance to Mr. Morgan; that when the Coutts's, or the clerk, asked Morgan for the bills he said he had not got them; that Lord Strangford expressed some surprise that he had not got them, and said immediately, he had better go with him back to the office, thinking he might have been robbed on the road; that they did go back, and that there Lord Strangford left him, and Mr. Morgan went himself to the banking-house and obtained part on that day, and the remainder on the following day. On Saturday, the 30th of October, when Lord Strangford called upon me and related the position in which he stood with respect to Messrs. Coutts's and Mr. Morgan with respect to those Exchequer Bills, from his lordship's intimation to me that the manner of Messrs. Coutts was exceedingly disagreeable to him, not conveying any direct charge against him, but implying that he, Lord Strangford, was in some way or other interested in the transaction, and that the Coutts's entertained some suspicion whether Mr. Morgan was not aware that the bills were false; I immediately thought that Lord Strangford should place that affair in the hands of some friend. He told me his solicitor was not in town; and that Lord Stanhope, to whom he should have wished to have intrusted it, was also out of town, and he should wish me to act for him. I assented, provided he would place the matter entirely in my hands. It appeared to me of the first consequence that Lord Strangford should be entirely separated from Mr. Morgan, on whom suspicion rested; and that I should ascertain from Mr. Morgan whether he had any pecuniary claims on Lord Strangford, and take measures for their immediate liquidation. Lord Strangford told me the nature of Mr. Morgan's claims upon him, of the amount of which he was not quite certain. I went immediately on that day to Mr. Morgan: he gave to me precisely the same account of the transaction as I had previously received from Lord Strangford, as nearly as possible, and told me that the amount due from Lord Strangford to him was 1013*l.* 15*s.* I found that no part whatever of that claim had any relation to the Exchequer Bills which he had deposited. I told Mr. Morgan that I should call upon him on the following Monday or Tuesday, and discharge the whole of that account. I told him also of the suspicion which had been raised by Messrs. Coutts against him, and therefore that Lord Strangford had assented to the propriety of their being a total cessation of any communication whatever between him, Lord Strangford, and Mr. Morgan. He immediately repudiated all idea of the kind; but he felt that it was desirable that Lord Strangford should relieve himself in every possible way. On my return from Mr. Morgan's, I thought it desirable to have a statement in writing from Mr. Morgan of Lord Strangford's share in the transaction. That statement I obtained. It was not quite so full as I wished, and I wrote for more full information; and I went on the following Tuesday and discharged the debt. Then I considered it right, after consultation with Lord Strangford and his solicitor, that the Coutts's should be made acquainted with all which had taken place, and should be told of Lord Strangford's earnest desire to probe the matter to its source; and I went to them and made a statement to that effect, and I have with me a copy of the correspondence which took place (*producing the same.*) I asked Mr. Morgan, on my interview with him previous to the correspondence, how he got the bills, and what he knew of Rapallo, he told me he had them from Rapallo, and that he knew Mr. Rapallo as the agent originally of Mr. Solari. I think he said, he was requested by the wife of Solari to act and to consider Rapallo as the agent of Solari during the illness of Solari. I will supply the Commissioners with the original letters I received from Mr. Morgan and copies of my own letters.

[*The Witness withdrew.*]

Mr. *John Rees* sworn and examined.

4359. In the evidence of Mr. Wolfe, he stated that he had in his possession three bills, two of them numbered 8307 and 8308, and a third, which ultimately turned out to be a genuino bill; that on the Wednesday morning he attended at the Exchequer Office with his soliciter, Mr. Rees; do you recollect the circumstance?—Perfectly,

4360. Did an examination of those three bills take place in your presence?—Yes, it did.

4361. Were they examined with the counterfoils?—So the gentlemen there stated.

4362. What officers did you see?—I do not know them, there were two gentlemen we saw first, and a third was afterwards called in whom I understood to be Mr. Perceval.

4363. Do you know in which office it was that the examination took place?—No, I do not, we were first in an ante-room and were then told that the gentlemen would be called in succession. Mr. Hichens's name was called first, and then Mr. Wolfe went in second, and I went in with him.

4364. Were the bills taken into an inner room to be examined?—We went into an inner room together, and Mr. Wolfe handed over his bills to a gentleman who was there.

4365. What was done with them?—Two gentlemen examined them, apparently with a book; they said they were examining them with the counterfoils.

4366. What did they state to be the result of the examination?—They appeared to lay two of the bills on one side, and to examine the third more minutely; they then called in a third gentleman, who I understood to be Mr. Perceval, and then a re-examination of the third bill took place.

4367. Did they ultimately pronounce any opinion upon the bills?—They said that two of them did not agree with the counterfoils, but that the third did.

4368. Do you happen to know the numbers?—The numbers which did not agree were 8000 and odd; I do not recollect the precise numbers. The other, I think, was 7000 and odd.

4369. Did they appear to be long engaged in the examination?—Yes, more particularly with the examination of the third bill, not so long on the examination of the two first. I should collect that they had a doubt about the third bill.

4370. Endeavour to recollect the precise answer they gave as to the bills after their examination of them.—I think the answer was given by Mr. Perceval, but I am not certain.

4371. Give it as precisely as you can.—I think he said, that the first bill was genuine, that it agreed with the counterfoil, but that the others did not—those were his words. I asked whether they had any other means of testing the genuineness of the bills than an examination with the counterfoils? the answer was, that their instructions were only to examine them with the counterfoils.

4372. Did you take a note of the answer?—Yes, I did.

4373. Have you it with you?—I have.

4374. You may refresh your recollection by the note you took at the time?—The note I made is, that the gentlemen called us in and said, "The latter bill is genuine, the other two not." I asked if their examination was confined to the comparison of the counterfoils? they said it was, and they were so instructed. I asked if they could say anything as to the hand writing of the bills? they said they could give no opiniom upon that, their investigation was limited to the comparison, and they were instructed to say nothing further and answer no questions. My impression is, that Mr. Perceval began by saying that the first bill, by which I mean the bill No. 7000 and odd, agreed with the counterfoil, but that the others did not

4375. It has been stated by Mr. Wolfe, that one of the bills which was declared not to be genuine they at one time laid aside as being genuine?—I did not observe that; I recollect they doubted very much whether the genuine bill was genuine, and the reason of their calling in Mr. Perceval was to satisfy themselves whether it was genuine or not. I have no hesitation in saying, that I was not satisfied with the examination; I thought that the test was fallacious, because, if a fraud had been committed, it was exceedingly probable that the person who committed it would alter the counterfoil of the genuine bill to avoid detection, and I said as much to Mr. Wolfe when I came out. We proceeded then to the Chancellor of the Exchequer's to request a further inquiry, but I did not see him.

[*The Witness withdrew.*]

Adjourned till Monday next at 12 *o'Clock.*

MONDAY, 13th June, 1842.

The EARL of DEVON in the Chair.

Examinations.

H. C. Hoare, Esq. 13th June, 1842.

Henry Charles Hoare, Esq., sworn and examined.

4376. Will you state the names of the partners in your house?—Charles Hoare, Henry Merrick Hoare, Sir Hugh Richard Hoare, Bart., Henry Charles Hoare (myself), and Peter Richard Hoare, jun.

4377. Were those the partners at the time of the transactions in question?—They were.

4378. In October last some Exchequer Bills came into your possession through Mr. Hichens?—Yes, on the 14th of October.

4379. Will you state the history of that transaction?—We lent Messrs. Hichens the sum of 75,000*l.* on that day till the next account day, which was the 25th of November, optional to be recalled at any time we chose, at 3 per cent. interest, for which he gave us the following securities:—1500*l.* Reduced Annuities, valued at the price of the day, at 87 per cent., amounting to 1305*l.*; he also gave us 300*l.* Long Annuity, 200*l.* Terminable Annuities in January, and 1100*l.* of the April Annuities, which were valued at 12¼, making a total of 19,600*l.*; and also 7300*l.* Bank Stock at 164, which was worth 11,972*l.*; and the remainder was 44,000*l.* Exchequer Bills, valued at 44,000*l.*, making a total of 76,877*l.*, leaving a cover, as we generally call it, of 1877*l.*

4380. Have you the numbers of the Exchequer Bills?—No, we only counted them; we constantly changed them as our broker called for them; they are put up all together, and delivered in that same way. It is like a stock receipt; we do not know the signature of a stock receipt.

4381. Have you any document or paper by which you can refer to the bills?—We have got the numbers of the bills in question; we hold the receipt of the Exchequer for them. We sent in the numbers of those bills to the Bank of England; they were sent in to be funded. We were very much surprised to find that they had been stopped, and we wrote a letter to the Comptroller, for we were told that we must make our appeal to the Exchequer. We received an answer from the Comptroller stating that he had forwarded our letter to the Chancellor of the Exchequer, with whom it rested to consider whether to comply with our request.

4382. Can you state the numbers of the bills?—They were 8379, 8385, 8406, 8412 to 8416, 8429 to 8436, and 8457 to 8462—those were all March bills; 7070, 7098 June bills,—being 24 bills, alleged value 24,000*l.* This is the entry of one of our brokers of the transaction with Messrs. Hichens and Harrison (*producing the book*). This transaction was managed by Mr. Robert Cottle, our confidential clerk, and one of our brokers. We have two brokers; they do no transaction but for our house and our clients.

4383. After you received those Exchequer Bills what did you do with them?—The broker brought them home; they were given to the partners, and examined to see that there were 24,000*l.* bills, and were put into our strong closet, and they did not go out of our hands. None but a partner can take them out; it is only a partner that has the key of the closet.

4384. What did you do with those particular bills?—They were taken out on the 28th of October. We hold the receipt for the Exchequer for them. We gave them to Mr. Cottle.

Mr. *Robert Cottle* sworn and examined.

Mr. Robert Cottle.

4385. Did you receive those Exchequer Bills from one of the partners?—I did.

4386. To whom did you deliver them?—I delivered them to Messrs. Hichens and Harrison.

4387. For the purpose of being funded?—Yes, for the avowed purpose; we knew they were going to fund them.

4388. Was a portion of the loan paid off, or did they give you other security?—They were going to write the scrip into the name of Messrs. Hoare.

4389. You trusted them to write in the scrip?—Yes.

4390. (*To* Mr. *Hoare.*) Your house is in the habit of lending a good deal of money on Exchequer Bills?—Yes, on Exchequer; we are constantly in the habit of doing it.

4391. Have you had frequent dealings with Messrs. Hichens and Co.?—Yes, constantly the last twenty years.

4392. Of the same kind?—Exactly of the same kind. They make up their securities sometimes in Exchequer Bills and sometimes in stock; and as they were selling them in the market, they were in the habit of coming and asking for them, and we gave them up and took other securities. I have brought with me our daily cash-book, in which the entry appears with many others of the same transactions (*producing the same*).

(*The book was inspected by the Commissioners.*)

4393. How was the money advanced, in point of fact?—Mr. *Cottle.* Mr. Hichens has had money for the last twenty years, having money from account to account. There are eight accounts in the year, and money is lent optional from one account to another. This is my own book, kept in my office in the city. Here is the October account, and here are the securities I took for them, and the changes. Here is the previous account of the securities.

Mr. *Hoare.* The loan was carried on and was renewed again.

(*The book was inspected by the Commissioners.*)

Mr. *Cottle.* It is 120,000*l.*, then 70,000*l.*, then 90,000*l.*, varying from time to time. They were men who stood as high as any men on the Stock Exchange. When the loan was commenced it was by Bank notes, or when it was increased we gave them Bank notes, but it was continued from time to time. This book goes back to 1836, it appears that there was a loan at that time of 70,000*l.*; the last settling previous to this transaction was in August. The July account was 75,000*l.*, at 3 per cent.; the previous account was at 2½ per cent. This is the entry in April 1841. They had at that time 130,000*l.* money they held in their hands. When they paid off they paid off in Bank notes, when they increased the loan we gave them Bank notes.

4394. What was the last occasion on which you gave them Bank notes?—May 25th, 1841, they had 100,000*l.* at 3½ of our money in their hands, and on the 11th of June they paid off 20,000*l.* of it.

4395. In what way was that paid?—It was paid in Bank notes. Then they paid off 5000*l.* more.

4396. When was the last occasion on which you gave them Bank notes?—They had 120,000*l.* on 15th January, 1841, in their hands. On the 21st of January we gave them 30,000*l.* in Bank notes. On the following day, the 22nd of January, we gave them 50,000*l.* more, then at that time they had 200,000*l.*, including the former account. On the 30th of January we lent them 30,000*l.* more, making 230,000*l.* Those three sums were paid in Bank notes. Then on the 25th of February, they gave us 50,000*l.* in Bank notes, reducing it to 180,000*l.* On the 25th of February, 1841, the money then belonged to Messrs. Hoare was 180,000 lent to them. On the 30th March they paid us 20,000*l.* in Bank notes, reducing the sum due then to 160,000*l.* On the 15th of April they paid off 30,000*l.* more reducing the loan to 130,000. In May, 1841, they paid us off 30,000*l.*, reducing the loan to 100,000*l.* On the 11th of June they paid off 20,000*l.* reducing the loan to 80,000*l.* On the 26th of June, 1841, they paid off 5000*l.*, reducing the amount to 75,000*l.* and the account has never altered since.

4397. Have you the Exchequer Bills in question against that outstanding balance?—Yes.

4398. (*To* Mr. *Hoare*). Did you employ upon that occasion, or on any occasion, any means of inquiry as to the genuineness of the Exchequer Bills, or did you take them as a matter of course?—We took them as we should a Bank note, we have a box into which we put them, they all have the same appearance and are all in the same state.

Mr. *Cottle.* We never thought of making any inquiry, we never had a doubt of the genuineness of the bills.

4399. Under what circumstances were they taken in to be funded?—Mr. Hichens came to me previously to state that they had made up their minds to fund a certain amount of Exchequer Bills, and that therefore they should want the 44,000*l.* Exchequer in our possession; I handed in the bills, and they took them to the Bank to fund; they told me that was their object, and as soon as they were funded they would write the stock into the name of Messrs. Hoare.

4400. You had so much confidence in Mr. Hichens you trusted him to fund the bills, and were for the moment without security in your possession?—They were out of our possession.

Mr. *Hoare.* That scrip would have been our security for the bills, I never had the least suspicion of the Messrs. Hichens, we have always considered them as most honourable men.

4401. Your broker is in your own house, but you knew Messrs. Hichens as dealers in money?—Yes.

Mr. *Cottle.* It should be understood that Mr. Hichens was merely one of several with whom we dealt in the same way, and on the same terms.

Mr. *Hoare.* Exactly so.

4402. The transaction with Hichens was precisely of the same nature, and conducted in precisely the same way as the transactions with other parties at the same time?—Precisely so.

(*The book containing these accounts was inspected by the Commissioners.*)

Mr. *Cottle.* Mr. Cooper gave us 25,000*l.* Exchequer Bills at one time, in precisely the same way, they all gave us Exchequer Bills with other securities. It appears by this book that two parties on the settling day, gave us 3½ per cent., then comes 3 per cent., and all the others were lent at 3.

4403. The loan was to the 25th of November?—Mr. *Hoare.* Yes, but optional in case of its being required.

Mr. *Cottle.* We had less profit than we might have had in consequence of the money being subject to be called in at any time.

4404. What was the total number of Exchequer Bills delivered to Hichens to be funded?—The amount we gave up to be funded on the 28th of October, was 39,000*l.*; there had been changes previously, some added and some withdrawn, leaving ultimately 39,000*l.* in our hands that day.

4405. Have the goodness to state the particulars of the changes which had taken place.—On the 14th of October there were 44,000*l.* in our hands; on the 16th he took away 21,000*l.*, reducing it to 23,000*l.*, giving us 25,000*l.* consols, then we held but 23,000*l*; then on the 19th he added 21,000*l.*, Exchequer to the original, making it 44,000*l.* again, then we gave up that 25,000*l.* consols; then on the 25th of October we gave up 10,000*l.* exchequer, having other security, then he paid 5000*l.* Exchequer Bills as a security, and we gave up the sum in Long Annuities which we held; then on the 28th we gave up this 39,000*l.*

4406. Did anything pass between you and him upon that occasion, with respect to the bills being genuine or not?—Not one syllable; if he had on the morning of the tender or the day

Examinations.

Mr. Robert Cottle.
13th June, 1842.

previously suggested to me a shadow of a doubt about genuineness, I should have been electrified; such a thing never occurred.

4407. You were in the City on the 26th and 27th of October, probably?—I was.

4408. Did you not hear of something being wrong in the Exchequer Bill market?—I did, and there were paragraphs in the papers stating that it was a very inexplicable thing that persons should go about borrowing money on Exchequer Bills at an exorbitant interest, while those bills bore a considerable premium in the market; that if a man wanted to borrow 25,000*l.* on Exchequer he might go and sell them, and not go to another to borrow at 5 or 6 per cent. interest; that made it a suspicious affair, but the suspicion was not against the validity of the bills, but against the mode of bringing those bills into the market.

4409. Had you any suspicion of the validity of the bills?—Never; I never heard the suspicion of a forgery, but merely that there were some that were not honestly come by.

4410. Mr. Hichens did not intimate any suspicion at the time he applied to you for the 39,000*l.*?—No.

4411. Do you happen to know the numbers of the 21,000*l.* and the 10,000*l.* Exchequer Bills which he withdrew?—No; we were not in the habit of entering the numbers of the bills we held.

4412. Of the 39,000*l.*, was there only 24,000*l.* which proved to be forged?—Only 24,000*l.*, the others proved to be good.

4413. (*To* Mr. *Hoare.*) Will you compare the counterpart receipt you hold with the bills now shown to you?

(*The counterpart agreed.*)

4414. (*To* Mr. *Cottle.*) You did not take the numbers of the Exchequer Bills lodged with you by Messrs. Hichens?—We never take the numbers of Exchequer Bills lodged with us by way of security.

4415. You are not able of your own knowledge to state whether the numbers given you were the numbers of the bills lodged by Hichens?—I am not.

4416. From whence did you derive your knowledge of the numbers?—From a letter sent to us by Messrs. Hichens, giving us the numbers on the same afternoon that the bills had been rejected.

4417. (*To* Mr. *Hoare.*) Has Mr. Hichens ever paid up the loan, as far as the 24,000*l.* is concerned?—No.

4418. Has he paid up the remainder?—He owes us the balance of his security.

4419. Has the remainder of what he owed you, with the exception of what is due upon the 24,000*l.* Exchequer Bills, been discharged?—Yes, we have had no transactions since.

4420. (*To* Mr. *Cottle.*) With the exception of what is due on the 24,000*l.*, the remainder of your claim against Hichens is now discharged?—Yes.

4421. From what date is interest due?—From the 25th of November last.

4422. (*To* Mr. *Hoare.*) You are claimant for the principal of those 24,000*l.*, and for interest at 3 per cent. from the 25th of November last?—Yes.

4423. You have taken no proceedings against Mr. Hichens to enforce payment?—No, we have not; we did not think that right; it would not further our objects; having received a letter from the Exchequer office we were obliged to wait, our claim was on the Exchequer.

4424. You suspended proceedings till it was ascertained whether you had a claim on the public?—Yes, we conceived we had a claim on the Exchequer. We do not know now but that they may be good bills.

4425. Have you any knowledge of the circumstances of Mr. Hichens, how far he would be capable of answering the demand if you pressed it against him?—I should think it would be ruinous to him; he has informed us it would be his total ruin if the claims were pressed against him.

4426. (*To* Mr. *Cottle.*) Supposing the loan had been made for six weeks certain, have you any knowledge of what would have been the rate of interest?—I should have got ½ per cent. to 1 per cent. more.

4427. You would not have got 6 or 7 per cent.?—Oh dear no. In consequence of the practice of the money being subject to recal on a day's notice, we have never had more than 4½ per cent., and that several years ago and only for a short time; the general rate has been from 2½ to 3½, and it has gone as low as 2 per cent.

4428. Is it your practice to trust entirely to the credit of the borrower so far as regards the interest being secured, though not so far as regards the principal?—No, we always have a cover; there was a very considerable cover on the loan to Hichens.

Mr. *Hoare.* If he had not paid us off on the day we called, we should have sold the securities, and have secured ourselves by the surplus of the securities deposited.

4429. In addition to that there will be the accumulation of the interest on the Exchequer Bills and the premium?—Yes.

4430. You were not subject to a risk of loss in consequence of any depression which might take place in the course of the day?—No, and I well recollect in the last war when Goldsmidt and others borrowed money, we had 8, 9, and even 10 per cent. cover, and if any fluctuation took place, and stocks went down 5 per cent., we went to the individual and said we wanted a further cover.

4431. In case of any loans being paid off, have you been in the habit of taking cheques for the amount?—No, we have always required Bank notes for the amount, and a cheque for the interest. We never have taken a cheque for the amount lent.

4432. Is that you hold in your hand an account of your transaction with Messrs. Hichens and Harrison?—Yes, that has been checked, and it is quite correct.

The same was read as follows:—

"*Folio* 80.

"Messieurs HOARE, in Account with Messieurs HICHEN and HARRISON.

"October 14th, 1841.

		£.
"Balance of cash due to Messieurs Hoare, re-lent to Messieurs Hichen and Co., until the 25th of November . . . . With recal at pleasure		75,000
Securities given to Messieurs Hoare for the above loan of 75,000*l.*		
1500 Reduced Annuities, valued at 87 per cent. . . .	£1305	
300 Long Annuity 200 January Annuities 1100 April Annuities }	12¼	19,600
7300 Bank Stock 164		11,972
44,000 Exchequer Bills		44,000
		76,877
Cover		1,877

ROBERT COTTLE,
Broker to Messieurs HOARE,
14th October, 1841."

The following Statement, delivered in by Mr. *Latham, was read:—*

"£11,044,550, dated 18th March, 1839.

		Funded by	Exchanged by
No. 7949			H. Tritton.
—50			
—1	issued in March, 1839, to H. Tritton, 54, Lombard Street.		P. Ricardo.
—2			
—3			
—4			O. Biddulph.
—5			Lubbock & Co.
—6			
—7			Hankey & Co.
—8			Bank of England.
—9			S. Harris, 31, Bedford Row.

MEM.—"The above bills were not compared with the counterfoils, such comparison not being adopted at that period.

"These bills, with the exception of No. 7951, 2, and 3, are with the Commissioners for Auditing Public Accounts.

"No. 7951, 2, 3 are with the Paymasters of Exchequer Bills.

"The counterfoils, if in existence, are in the custody of the Comptroller General of H. M. Exchequer.

"JNO. HY. LATHAM,
*Paym*r."

"Exchequer Bill Office,
11th June, 1842.

Mr. *Joseph Ravenscroft Elsey*, sworn and examined.

4433. Do you recollect the circumstances of any application made to the Bank by Mr. Morgan for a loan?—I think it was about the middle of October, somewhere between the 12th and 20th; about the 15th he applied for a loan on Exchequer Bills; my impression is that the amount was about 15,000*l.*

4434. Were you present?—I went and spoke to him from the inner room, and told him it was not likely he would have a loan, that the period for making loans was past, that the dividends were out, and that the Bank left it to the bankers and money holders; he was very pressing, and I took in the application to the Deputy Governor, Mr. Cotton, who after some hesitation ultimately declined it upon the ground I have stated, that the Bank were not the proper persons to apply to, for that the dividends were out; it was, I think, two or three days after the dividends were out, between the 10th and the 15th, or I should rather say between the 12th and the 20th; my impression is that it was about the 14th or 15th.

4435. Till what period did he want the advance?—From the time of his application to the

Examinations.

Mr. J. R. Elsey.
13th June, 1842.

21st of October, he could not have it for a longer period than that; one or two loans had been made, but it was found expedient not to allow of any departure from the usual rule.

4436. Was any proposition made as to the interest?—No, it would have been at the current interest, I think about 4 or 5 per cent. at that time. He was exceedingly angry when I took the reply to him, and I remember it distinctly on that account; our transactions of that kind are so numerous it would be difficult to remember it, but for that circumstance; I remember his saying that we were the worse bankers in London.

4437. He did not give you any particular reason why he was anxious?—No, not at all. Sometime afterwards he made another application, a specific one, which was refused, but the particulars of that are not within my own knowledge.

4438. Had he transactions of that kind with the Bank?—Yes, he was in the habit of having them; whether he had had any during that period I am not certain, but I know he was in the habit of having advances; there was no reason for refusing him, but that I have stated; there was not the least suspicion entertained. Of course the bills themselves would have been a sufficient guarantee.

4439. You were not in the habit of lending to any persons who might apply?—No, but the command of bills was at that time considered as some evidence that the party was respectable.

4440. Where the Bank lend money on Exchequer Bills, do you keep an entry of the number of the bills?—Yes, always.

[*The Witness withdrew.*]

Sir *Nicholas Harris Nicolas* made the following statement.

I have brought with me the original letters from Mr. William Morgan, with examined copies of my own letters to which I referred in my evidence.

The same were read as follows:—

"DEAR SIR, "Torrington Square, 30th October, 1841.

"IN reference to our conversation this morning, I would suggest to you as an indispensable act of justice to Lord Strangford, that you should be so good as to write me a letter, detailing in the fullest manner the whole character and particulars, including dates, of the transaction, so far as his Lordship was concerned in it.

"You must be aware of the extremely painful position in which Lord Strangford is so unexpectedly placed by a mere act of good nature to serve an old friend, and how highly desirable it is to procure the best possible testimony, that in no shape or form whatever did he derive the slightest benefit, personal or pecuniary, directly or indirectly, from the transaction.

"I need not add, that the sooner you can favour me with your reply the more I shall feel obliged.

"I remain, dear Sir,
"Your very faithful Servant,
"N. HARRIS NICOLAS.

To save you trouble I will take the liberty of sending to-morrow afternoon for your reply.
N. H. N.

"DEAR SIR, "20, Cambridge Terrace, 30th October, 1841.

"THE short and simple history of my meeting with my Lord Strangford is the following:—On the 15th instant, returning from the Bank of England, where I thought by a previous understanding with Sir John R. Reid (late governor) that I could have any mo ey I wanted upon loan until the 21st instant, but when I called for it they told me the door was shut for loans until the beginning of December; on my going from the Bank I by chance met his Lordship, when I said it was a new thing to want money at 5 per cent. interest on Exchequer, and stated I feared I could not get it in the City; and did his Lordship suppose Messrs. Coutts and Co. would lend a loan for a short time. With his usual kindness he said, if you have a mind to put yourself into a cab I will go with you and inquire. I thanked his Lordship, and requested he would take the trouble to go to my office with me for the Exchequer Bills, when I told my clerk to look out 40,000*l.* Exchequer and give them to his Lordship. At the moment a friend wanted to speak to me on business, which detained me for a short time, when I waited on his Lordship and said I was quite ready, supposing my clerk had given his Lordship the Exchequer Bills; when we got into a cab and his Lordship went into Messrs. Coutts' and made the proposition for me as to the loan, which they agreed to. On his Lordship asking me for the Exchequer Bills, I said, I thought my clerk had given them to your Lordship, and I must own I never felt so frightened in my life. I went back again with his Lordship into the City to my office, when to my great comfort the bills remained on my desk; it being late in the day our people had made up their cash, and taken fifteen thousand out of the 40^{m} Ex^{rs}, and I went back again to Coutts's, with twenty-five thousand, only taking five thousand Bank on that day, and promising to leave the fifteen thousand Ex^{r} on the next day, making the forty thousand, which I did. I most sincerely regret that his Lordship or any one should have their feelings hurt on my account, and particularly when his Lordship had no interest in it, either direct or indirect, other than serving me, but I have this consolation, that, however unpleasant to the Government, they must be accountable for the acts of their officers put in trust.

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"Now for my diligence: as soon as the Times newspaper gave the alarm of something being wrong in Exchequer Bills, I sent to my principal to say, I hoped his were right; when he replied, 'Why don't you examine them at the Exchequer Bill office,' which I did through a friend, who had also advanced me 49,000*l.* on Exchequer Bills I had received from the same quarter. When he returned and informed me they were all right, another friend, who held on money, advanced 17,000*l.* on Bills coming from the same quarter. I requested to go to the Exchequer to have them examined, brought me the same answer, and has received money for his bills. Also one that held 2,000*l.* received the same answer; this so eased my mind that I never went to Coutts's, owing to their bills coming from the same source. I hope all I have done will satisfy my friends that I have secured them, and in a short time Government will and must pay them.

"I am, dear Sir,

"Your obedient Servant,

"*Sir Harris Nicolas.*" "WM. MORGAN."

"DEAR SIR, "Torrington Square, 1st November, 1841.

"I BEG leave to inform you that I shall call on you about one o'clock to-morrow for the purpose of closing Lord Strangford's account by the payment of the balance which you stated to be due to you by his Lordship.

"I acknowledge with thanks your prompt reply to my letter of Saturday last.

"The account which it contains of Lord Strangford's share in the transaction in question, and of the circumstances of your introduction by him to Messrs. Coutts, perfectly agrees in all material facts with the statement previously made by his Lordship to me.

"There are, however, two points on which further explanation seems to be desirable, and on which for the more complete justification of his Lordship's part in this affair, I must take the liberty of requesting you to be a little more explicit.

"In your report of your conversation with his Lordship in the street you do not advert to that which he has stated to me, and which I believe he stated to Messrs. Coutts also, namely, your strong representation to him of the extreme urgency of the case, and of the absolute necessity of your immediately obtaining the money, which representation alone it was that induced his Lordship to proceed without loss of time in your company to the banking house of Messrs. Coutts and Co.

"In the second place Lord Strangford tells me he has a distinct recollection of your having at your meeting with him in the street given him an explanation of the reason why your own private banker had declined to advance on loan on the security of Exchequer Bills, and of the consequent necessity of your trying to obtain it in some other quarter. Lord Strangford does not remember the precise nature of the reasons alleged by you for your own bankers having declined to make the loan, though he does most perfectly recollect your having at the time given those reasons to him. I have now to beg that you will be so good as to give me an answer as to your own recollections on the two points above alluded to with the same promptitude as you evinced in replying to my former communication.

"You must be aware of the great importance of these two points to that full elucidation of Lord Strangford's connection with this affair which his Lordship feels to be indispensable.

"I remain, dear Sir,

"Yours &c.,

"*William Morgan, Esq.*" "N. HARRIS NICOLAS."

"DEAR SIR, "20, Cambridge Terrace, 1st November 1841.

"I REGRET that I omitted in my letter to you stating the *fact* that I told to my Lord Strangford that I had applied to my banker for a loan when he stated that he had been discounting freely in the morning and begged to decline parting with any more money that day.

"This being late in the day I was afraid I should be run in a corner, and therefore urged his Lordship's assistance, which I now most heartily regret I had ever done, for after all we made up our cash without it and left the whole of the cash that day at Messrs. Coutts's, excepting 5000*l.* which I took away in Bank notes, and left 25,000*l.* Exchequer Bills until the next day, when I left them 15,000*l.* Exchequer Bills, making the 40,000*l.* You may think this a large sum, but I have borrowed of my bankers, Messrs. Jones Loyd and Co. before now 400,000*l.* on French scrip when they would not lend it to Rothschild direct: but with reference to the 40,000*l.* lent by Messrs. Coutts it is as safe as though they had it in their strong chest, and they know it; what could I do more than examine the bills at the Exchequer by a friend, which friend is as well known to Messrs, Coutts as I am to his Lordship, he being a rich and responsible man; and I am ashamed of my Tory friends for the delay which has taken place, which will add to their loss and bring disgrace on the whole floating debt. I could say much on this subject, but I am fatigued and want rest.

"Believe me, dear Sir,

"Your very obedient servant,

"*Sir Harris Nicolas, 55, Torrington Square.*" "WILLIAM MORGAN."

"I have positively not read what I have written, therefore I hope you will forgive blunders.

"W. M"

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13th June, 1842.

"DEAR SIR, "Torrington Square, November 4th, 1841.

"YOU will oblige me in reference to the subject of our late correspondence with you, by informing me without delay *to whom* the Bank notes which you received from Messrs. Coutts on the deposit of the Exchequer Bills were collectively or severally paid.

"I remain,
"Your obedient Servant,
"N. HARRIS NICOLAS."

"*William Morgan, Esq.*"

"DEAR SIR, "Popes Head Alley, 4th November, 1841.

"IN reply to your favour I beg to forward you the same account which I have sent to the Treasury :—

16th. Bank notes	20,000*l.*
Our draft on Jones Loyd and Co.	5,000*l.*
Ditto	7,000*l.*
Ditto	3,000*l.*
Ditto	2,000*l.*
Balance draft on 21st.	

"The explanation which has taken place at the Mansion House this morning will be perfectly satisfactory to every one so far as I am concerned.

"I am, dear Sir,
"Your most obedient Servant,
"WILLIAM MORGAN."

"*Sir Harris Nicolas.*"

"DEAR SIR, "November 4th, 1841, 4 o'clock.

"YOUR letter contains *no answer whatever* to my question. I was informed this morning by the Messrs. Coutts' that they paid to you 40,000*l.* in forty Bank notes of 1,000*l.* each. I therefore beg leave again to inquire TO WHOM those notes were paid by you collectively or severally.

"I remain,
"Your obedient Servant,
"N. HARRIS NICOLAS."

"*William Morgan, Esq.*"

"DEAR SIR, "20, Cambridge Terrace, November 4, 1841.

"OF the 40,000*l.* received from Coutts, 20,000*l.* was given to Mr. Rapallo, agent to Mr. Solari, and the other 20,000*l.* paid into Messrs. Jones Loyd and Co., for which drafts were given in the manner stated in my answer this morning, and the balance on the 21st ult.; this, I hope, you will be able to understand, and remain,

"Dear Sir,
"Yours faithfully,
"WILLIAM MORGAN."

"*Sir Harris Nicolas.*"

"DEAR SIR, "Torrington Square, November 10, 1841.

"IT has occurred to me to ask you, whether on the receipt of the notes from Messrs. Coutts and Co., on the deposit of the Exchequer Bills, you signed any memorandum? and if so, I shall be obliged by your informing me of its purport.

"If you have a copy of any memorandum on the subject, I should like to have a transcript of it.

"I remain, Dear Sir,
"Yours obediently,
"N. HARRIS NICOLAS."

"*William Morgan, Esq.*"

"DEAR SIR,

"I SIGNED a memorandum in the name of the firm, William and James Morgan, that if the loan should not be paid when it became due, that Messrs. Coutts' were at liberty to dispose of the Exchequer Bills, and pay themselves. I have not any copy, but what I have above stated is the substance.

"I remain,
"Yours truly,
"WILLIAM MORGAN."

"*Sir Harris Nicolas,*"
&c. &c. &c.

"3, Pope's Head Alley, Cornhill, November 11, 1841.

"SIR, "59, Strand, London, November 5, 1841.

"FROM what took place in our recent interview with you, as the friend of Lord Strangford, upon the subject of the loan made by us at his Lordship's request upon Exchequer Bills, it becomes our duty to forward you the copy of a letter we have received from Mr. Parkinson, our professional friend and adviser, and we will now only add, that should you desire to see him upon the subject, Mr. Parkinson will be ready to receive you at any time convenient to yourself.

"We are, Sir,
"Your most obedient servants,
"COUTTS and Co."

"*Sir Harris Nicolas,*"
&c. &c. &c.

"GENTLEMEN, "66, Lincoln Inn Fields, November 5, 1841. Examinations.

"I HAVE read with attention the papers you gave to me on the subject of the loan of 40,000*l.*, made by you on the application of Lord Strangford, on the 15th of last month, and the result is, that I think you should without loss of time acquaint his Lordship, you must consider him as a party liable for the repayment of the 40,000*l.* and interest on the 15th inst. 13th June, 1842.

"I am, Gentlemen,

"Your very obliged servant,

"*Messrs. Coutts and Co.*" "JOHN PARKINSON."

"GENTLEMEN, "Torrington Square, November 6, 1841.

I HAVE received your letter of yesterday, enclosing a copy of one addressed to yourselves by Mr. Parkinson, your solicitor.

"As you have referred the subject to your professional adviser, I think it proper that all communications with that gentleman on the affair in question, should take place between him and Lord Strangford's solicitors, Messrs. Pickering and Co., of Stone Buildings.

"I have the honour to be, &c.,

"*Messrs. Coutts and Co.*" "N. HARRIS NICOLAS."

Mr. *George Pollard* sworn and examined.

4441. You are manager of the London Joint Stock Bank?—I am. Mr. George Pollard.

4442. Had you in October last any transaction with Messrs. Hichens and Harrison, of a loan on the deposit of Exchequer Bills?—We had.

4443. Have the goodness to state the date and particulars of that transaction?—It is customary for our bank to take loan notes from the parties to whom we lend money, and I have brought with me the original documents (*producing them.*) We had advanced on the 5th of October, the 12th, and the 18th. We had lent money previously to that to a great extent. I refer to these three, because two out of the three contain the Exchequer Bills in question. On the 5th of October, 10,000*l.* The document is signed by Hichens and Harrison.

"Borrowed of the London Joint Stock Bank, 10,000*l.*, at 4½ per cent. for six weeks, say, till 16th November, with liberty of recal, at 4 per cent., in sums of 5000*l.* per diem. Deposited the following as collateral securities for the same." This deposit was afterwards exchanged.

4444. Have you the numbers of both sets of bills?—I have not. I have 4500*l.* Exchequer Bills and Russian Stock at the prices of the day, 6,000*l.* making 10,500*l.* It is our practice to keep all deposits separate, and when the loan is repaid, we return to the parties their own deposit; therefore, there is no necessity for taking the full particulars where it is simply a loan, not a discount.

4445. When would you be at liberty to recal the loan?—At any time. Then the interest was to be reduced to 4 per cent., otherwise we were to have 4½.

4446. Was the recal to be on any notice?—No, on demand. I received this note. "Withdrawn 5328*l.* Russian Stock, the market value, 6000*l.*; Exchequer Bills, 4500*l.* gave in lieu thereof." I have the numbers of all the bills in question. "8000*l.* Exchequer Bills, Nos. 8401, 8402, 8404, 8405, 8407 to 8410, a commercial bill due the 2nd November, 233*l.* 7*s.*, 250*l.*, and 1730*l.*, making in all, 10,213*l.* 7*s.*" The second transaction is quite a distinct thing; it has no connexion whatever with the loans on Exchequer Bills; it shows the nature of our transactions, "October 12th," signed Hichens and Harrison. "Borrowed of the London Joint Stock Bank, the sum of 15,000*l.*, at 4½ per cent. till the 11th of December, with recal at 4 per cent., in sums of 5000*l.* per diem." Then there is a list of the securities, principally commercial bills, and also some American securities, the market value of which was then 5600*l.*, which was withdrawn and given in lieu thereof three commercial bills, amounting to 5558*l.* 11*s.* 4*d.* Then on the 18th, there was another transaction signed "Hichens and Harrison." "Borrowed of the London Joint Stock Bank, the sum of 10,000*l.*, at 4½ per cent. till the 18th of November, with recal, at 4 per cent., and deposited 10,000*l.* Exchequer Bills as collateral security." Here are in Mr. Hichens's writing the numbers of the bills, Nos. 6434 to 6443. I know those were the numbers from the fact of giving them up to him.

4447. In what way did Hichens receive money for those advances?—We sometimes give them a cheque, which they pass through their bankers; but more generally Bank notes. It is in consequence of the demand for Bank notes they come to us.

4448. How long did you keep those bills?—We kept them until the 28th of October.

4449. What became of them then?—Mr. William Hichens called on us to ask for the Exchequer Bills for the purpose of paying them into the Bank, for which he gave us their cheque, with the promise to bring Bank notes for that cheque or approved securities; the cheque was not to be cashed, but to be held for them. I called at Messrs. Hichens and Co.'s office in the course of the day twice. I was told at first they had no answer whether the bills were received or not; at the end of the day I was told that the bills were impounded. The observation I made at the time was, "That is of no importance to me, for I come for the cash or approved securities." Messrs. Hichens and Co. then requested me to hold the cheque until the next day, as it was not convenient for them to give me Bank notes or other securities. The next day they told me they were not in a situation to give me Bank notes or securities.

4450. When you say they did not know whether they were received or not, what does that refer to?—I am in a situation only to state what I suppose. They only said, "Do not press

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Mr. George Pollard.
13th June, 1842.

us; call again." The next day they told me they could not pay nor give security. Their credit was of such standing that I had been used to give them back the bills on their own cheque equally with Bank notes.

4451. Had you, previous to the month of October, been in the habit of lending money to Hichens?—To a very great extent; hundreds of thousands, as appears from these books (*producing the same*).

4452. The course of transactions did not lead you to know who were their principals?—No, that is impossible.

4453. When those bills were deposited with you, did anything occur to induce you to examine them?—Not in the slightest degree. My confidence in them was so high, that whatever negotiable securities they brought to me it was almost nominal; but I *did* look at them, conceiving it my duty. I could have no apprehension on receiving Exchequer Bills from so respectable a firm.

4454. Had any of your previous advances to Messrs. Hichens been on Exchequer Bills?—Very frequently. We have large transactions with Overend and Gurney's, and with Sanderson's and Alexander's, and with other houses upon deposit of commercial bills.

4455. Can you state, by reference to your books, at what rate of interest you were lending money to other parties about that time on Government securities?—I do not think I had lent money on Exchequer Bills at that time but to Hichens. The bill-brokers do not borrow on Exchequer Bills. I can state the rates at which I lent at that time on commercial bills; but the rates vary frequently 2 or 3 per cent. I am receiving at this present time from Overend and Gurney's 3 per cent; and I am receiving from the Stock Exchange 4 per cent. on India bonds.

4456. You did not happen to be lending on Exchequer Bills at that time to any other persons?—I had not advanced on Exchequer Bills at that time to any other parties, and that was in exchange for other securities. It was quite accidental that it was on Exchequer Bills.

4457. Had you any loan at that time on stock?—No, we are not in the habit of making loans on stock; it requires that the Directors shall attend to accept the stock; it is accompanied with a great deal of trouble.

4458. Upon how many bills do you claim?—On 18 bills of 1000*l.* each.

4459. From what time do you calculate your interest?—From the time we lent the money.

4460. Has there been any payment since?—Yes, we have had very large sums on the other securities.

4461. From what time do you consider interest now due?—We had an extra security; the commercial bills have fallen due. We have not a claim for the whole 18,000*l.* against Hichens and Co., though we have a claim upon the Government for 18,000*l.*; and if we receive that, we shall then pay over the balance to Hichens and Harrison. On the 29th of October I called in the money formally, as they did not pay me. I said, "I shall charge you the market rate of the day, which is 5 per cent." So that I am charging them at that rate from that time.

4462. Have there been transactions between you and Messrs. Hichens since that time?—Yes, in liquidation. We have lent them no money since.

4463. The Commissioners consider it necessary that you should give the present state of the account in respect of this loan between you and Hichens?—I can give it, with the exception of the interest calculated lately. We advanced on the 5th, 12th, and the 18th, 35,000*l.*; and received from them, the 1st of November, 5,000*l.* in cash, and commercial bills falling due subsequently, amounting to 18,402*l.* 9*s.* 6*d.*, leaving a balance of 16,597*l.* 10*s.* 6*d.*, that is, without the interest. We claim 5 per cent. interest.

4464. No payment has been made on account of the interest?—None.

4465. No payment has been made on that 16,597*l.* on account of interest?—No; but we have regularly charged them at the end of every three months. If we receive the 18,000*l.* with the accruing interest we shall have to hand over a surplus to Hichens and Co.

4466. Where the loan is at 4½ per cent., and not paid at the time on realizing the securities, you get only 4½ per cent. do you?—We claim 5 per cent. from the time the money is called in. We consider ourselves entitled to that, just as we should if an account were overdrawn.

4467. You consider the time beyond the period for which the loan was made as not covered by the special contract?—Just so.

4468. How did you ascertain the numbers of the bills substituted for those which were withdrawn?—In consequence of the request to take away the Exchequer Bills, I took a memorandum of those which were substituted in case anything occurred that those bills should be taken from me; unless I had taken the numbers, I could not have verified them.

4469. Do you hold the counterpart receipt for the 18 Exchequer Bills in question?—I do (*producing the same*).

(*The same was compared with the Exchequer Bills in the possession of the Commissioners, and found to correspond.*)

4470. Have you taken any proceedings against Hichens to recover this loan?—None whatever.

4471. On what principle did you decline to do so?—On our firm conviction that our claim will be paid by Government; that has weighed on my mind, and I suppose it has influenced the minds of the Directors.

4472. Would that have reference to their circumstances and capacity to pay?—I have already claimed the money from them, and they have declared their inability to pay. I believe Messrs. Hichens and Harrison to be highly honourable men, and that they will do nothing to prejudice us. If Government do not pay us, we conceive we are not prejudiced by awaiting the

decision of Government, believing Hichens and Co. to be honourable men, and that their business has come to a stand with relation to borrowing and lending, and that they are merely dealing as stock-brokers, which has been for the benefit of their creditors; therefore we do not consider that we are at all prejudiced by not taking proceedings against them.

4473. Do you conceive that Messrs. Hichens are in circumstances to meet the whole demand upon them, supposing they were called upon to fulfil their liabilities on the whole amount?—The fact of their declaration that they are unable to pay is an evidence to my mind of their inability.

[*The Witness withdrew.*]

Mr. *James Ballard* further examined.

4474. At the time that Mr. Tomkins came to redeem, and did redeem a part of the 11,000*l.* that had been lent to him by the Bank; was there not a subsisting loan of 10,000*l.*?—There was.

4475. Was the date of that 10,000*l.* earlier or later than the 11,000*l.*?—Later; the 11,000*l.* was on the 23rd of September, and the 10,000*l.* he pledged on the 30th of September, and redeemed it on the same day as he did part of the 11,000*l.*, that is the 22nd of October.

4476. He redeemed the whole of the later loan and a part of the earlier?—Yes.

4477. Where they both redeemable on the same day?—Yes; the 21st was the day he should have redeemed them but he could not get his Bank notes till the next day. He then redeemed the 10,000*l.*, and in the course of the afternoon he brought 3,000*l.* towards the 11,000*l.*; the Bank give notice on a certain day that they are ready to make loans.

4478. The 10,000*l.* was advanced on what day?—From the 30th of September to the 21st of October agreeably to the order of the Court, the first loan being from the 23rd of September to the 21st of October.

4479. Did you see him when he came to redeem?—He came early in the morning on the 22nd to take up the 10,000*l.*

4480. What did he say he came to do?—To take up the loan of 10,000*l.* made on the 30th of September; then when he was pressed in the afternoon he brought Bank notes for 3,000*l.*

4481. What were the numbers of those 10 bills which were deposited for that loan?—They were Nos. 8331 to 8340 of the 15th of March.

[*The Witness withdrew.*]

Mr. *Harry Tomkins* sworn and examined.

4482. What is your particular line of business?—A stock broker.

4483. Are you what is called a dealer or jobber?—No; an agent for shares of mines and all kind of business done in the money markets.

4484. Do you recollect selling at any time Exchequer Bills Nos. 6495, 6496, and 6497?—I sold those on the 22nd of October, 1841, to Morgan.

4485. To Edward Lloyd Morgan?—To Mr. Morgan of the Stock Exchange; I believe his name is Edward Lloyd Morgan.

4486. At what premium did you sell them?—11*s.*

4487. How were those bills paid for?—By a draft for 3052*l.* 10*s.* given to me by Edward Lloyd Morgan.

4488. For whom did you sell those and from whom did you receive them?—I received those bills from Mr. Francis De Berckem to sell in the market.

4489. On what day?—On the 22nd of October, 1841.

4490. Can you refer to anything particular that passed between you and Mr. De Berckem at the time. Did he give you a commission to sell other securities at that time?—The object of the sale was to obtain money to furnish him with the means to repay me for loans contracted with me on other Exchequer Bills.

4491. Had you applied to him?—I had applied to him for money he owed me, and he furnished me with Exchequer Bills to sell, and of those Exchequer Bills I sold but 3000*l.*, and for those three. I furnished him with the draft. I endeavoured to sell more; but the state of the market did not enable me to sell more that afternoon; they were sold about two o'clock in the afternoon.

4492. Will you advert to No. 8283, did you sell that to Mr. Henriques?—I did not sell it to him; I obtained it from Mr. De Berckem and deposited it with him on a loan.

4493. State the date and the particulars of that transaction?—The bill No. 8283 for 1000*l.* I received from Mr. Francis De Berckem and delivered it to Mr. Henriques on the 21st of April, 1841, on loan at 4 per cent., for which Mr. Henriques gave me a Bank note No. 2323, dated the 1st of January, 1841, for 1000*l.*, this bill stood at Messrs. Stone and Martin's in a parcel of other bills which I had received previous to this time from Mr. De Berckem, so that it is an error to say that I received it that day from Mr. De Berckem.

4494. You say it stood in a parcel at Stone and Martin's, in what way was it there?—On loan there.

4495. For money advanced?—Yes, for money advanced by them to me which I had some time previously received there. I took it from thence with Mr. Henriques' 1000*l.* Bank note.

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4496. Do you recollect Mr. Dobson, at Messrs. Stone and Martin's, applying to you to obtain him an Exchequer Bill?—I do perfectly.

4497. When was that transaction?—That bill was No. 8369 for 1000*l.* I believe; that was the 3rd and 4th of Victoria, I received that from Mr. De Berckem on the 10th of August, 1841, and gave it to Mr. William Dobson on the same day on loan, for which he gave me a Bank note No. 48,640, dated 1st of January, 1841, which I handed to Mr. De Berckem.

4498. You say you received this and the other bills from Mr. De Berckem, what was the nature of your transactions with Mr. De Berckem? did you when you wanted to get Exchequer Bills apply to him or did he employ you?—I knew he was engaged particularly with Exchequer Bills in obtaining money on loan in the market, and at that time or generally he was open to a matter of bargain of that kind more perhaps than any other.

4499. He is a broker himself?— He is.

4500. In what way does your remuneration arise in a transaction of that kind?—It would be the difference of the rate per cent.

4501. That is to say, you charged Mr. De Berckem a half per cent. more than you got from the lender?—Just so.

4502. Suppose Mr. De Berckem as a broker had procured that loan himself he would have saved that half per cent. ?—Depending of course upon whether he might have got that money.

4503. Supposing he had gone into the market and had found Mr. Henriques or anybody else wanting to lend 1000*l.* ?—Mr. Henriques is not a member of the Stock Exchange, but is a connexion of mine. Any persons who are dealers in the markets or subscribers to the Stock Exchange would be the only persons he would find there, and it is only by a person coming to me or some other broker, and saying, I have money, what can I do with it, that these transactions are brought about.

4504. Was there not another transaction with Mr. Dobson?—Yes, there was also another with Mr. Dobson; the bill is 8274; this was on the 17th of August, the other having been on the 10th of the same month; for that he paid me a Bank note that came from Messrs. Stone and Martin's; it was lying in their hands at the time, so that the Bank note returned.

4505. That was another of the Exchequer Bills which you redeemed from Messrs. Stone and Martin?—Yes.

4506. That you originally got from Messrs. Stone and Martin, being part of the deposit for the loan made to you?—Yes.

4507. From whom had that bill been received before you deposited it with Messrs. Stone and Martin?—From Mr. De Berckem.

4508. For what purpose did you receive those bills from De Berckem?—For the purpose of obtaining money upon those bills; I did not myself lend the money, but I. received the bills from him to procure money on loan on those bills; I lent Mr. De Berckem that money in other words, but I obtained it somewhere else.

4509. You were the medium?—Yes, I was the agent.

4510. Therefore, when you say you lent De Berckem money on the deposit of those Exchequer Bills, you mean only that you procured him the money, having borrowed it from Messrs. Stone and Martin?—Yes.

4511. So that you were answerable to Messrs. Stone and Martin, and De Berckem was answerable to you?—Just so.

4512. In that transaction, was the name of De Berckem communicated to Stone, or Stone's name communicated to De Berckem?—Not at all; mine was the only name known in the transaction.

4513. What was the rate of interest payable in the case of 8274?—The rate was 4 per cent., the period was on demand.

4514. You state the same as to 8369?—In fact, it was the same as to them all; except I did obtain it for a month in the case of Mr. Henriques, at his own request, and then from day to day, or as the case might be.

4515. There was another 1000*l.* laid out for Mr. Boys through Mr. Dobson?—There was; that was No. 7102; that was on the 14th of October, 1841; that I received from De Berckem, and obtained from Mr. Dobson's hand a Bank note, No. 64,204, dated the 1st January, 1841, for 1000*l.*, which I handed over to Mr. De Berckem; I never saw Mr. Boys until this affair; I could not get the bill the first day he wished it, and he was very much disappointed.

4516. What was the interest in that case?—4 per cent., the money being payable on demand.

4517. On the 23d of September, 1841, did you obtain a loan from the Bank of England on the deposit of Exchequer Bills?—I did.

4518. What was the amount of that loan?—11,000*l.*

4519. Was there another advance on the 30th?—Yes, 10,000*l.*

4520. Were they both to end at the same time?—Yes, the 21st of October.

4521. Did you, in point of fact, redeem those loans, or either of them, on that day?—I did not; I redeemed the 10,000*l.* on the 22d of October, and 3000*l.* of the 11,000*l.*

4522. Can you state what bills were deposited for the 11,000 on the 23d of September?—The numbers were—8278, 8279, 8280, 8281, 8282, 8374, 8375, 8376, 8377, 8378, dated in March, 1841, and 7068, of 1000*l.*, dated in June.

4523. What were the numbers of the bills deposited on the 30th?—They were consecutively from 8331 to 8340, dated in March.

4524. Those bills so deposited on the 30th, you redeemed on the 22d of October?—I did.

4525. What were the numbers of the 11,000*l.* you did redeem?—7068, dated in June, and 8377 and 8378 of 1000*l.* each, dated in March.

4526. Those loans were not for yourself?—Not any of them, beyond the agency; I lent none of my own money.

4527. You were the person who appeared as the borrower of the Bank?—Yes.

4528. You did not there give the name of the principal?—No; whoever appears at the Bank, appears as the party upon the contract put before him.

4529. For whom did you borrow the 11,000*l.*?—When I asked Mr. De Berckem, the loans between us being at all times on demand, whether he could pay me off the 11,000*l.* bills which were then at Messrs. Stone and Martin's, who demanded their payment on that day, he said he would endeavour to do so, but finding that not so easily done as said, he remarked, that if my principals required their money, and could not be paid till the following day, I could obtain it, and perhaps would do so, at the Bank, which I instantly did, and paid Messrs. Stone and Martin the bills they demanded.

4530. Did Stone and Martin's part with the bills to you, or how did you get the bills to deposit at the Bank?—From Messrs. Stone and Martin's.

4531. Without your paying?—I had not the Bank notes; I dare say I had the bills first, but I do not recollect that at this moment. I had the bills from them and took them to the Bank.

4532. Were the 11,000*l.* deposited at the Bank part of those which had been deposited at Stone and Martin's?—They were the same bills, all of them.

4533. They were not fresh bills handed to you by De Berckem?—No.

4534. With regard to the loan of 10,000*l.* which occurred seven days afterwards, what was the nature of that transaction?—I deposited at the Bank 8331 consecutively to 8340 on loan, which money I handed to De Berckem; I received that from the Bank.

4535. From whence did those Exchequer Bills come to you?—Direct from De Berckem.

4536. Have you any means, by reference, of stating what was the premium on Exchequer Bills on the 23d of September, when he desired you to go to the Bank of England and borrow money upon them?—I cannot recollect it; I can ascertain it from Wetenhall's Tables, which is our directory in such matters.

4537. Refer to Wetenhall's Tables, now shown to you, and state what was the premium on Exchequer Bills on the 23d of September?—14*s.*, 16*s.*, and 15*s.*; 14*s.* to 16*s.* would be the price made by the dealers.

4538. What would it be on the 30th?—11*s.* to 13*s.*

4539. What apparent reason was there why a person having 11,000*l.* to pay on the 23d of September, and, having 11,000*l.* of Exchequer Bills, did not get the money by selling the Exchequer Bills which bore that premium, instead of employing another person to borrow the money?—In the case of De Berckem, and in my knowledge of his holding Exchequer Bills, it was always understood by me that they were for loans, contracting loans, and not for any other purpose, that he continued to hold those bills as security against transactions in the foreign funds; so that I should not willingly have sold those bills; I should have sold them had I not received the money for them elsewhere without hesitation.

4540. You are understood to say that Messrs. Martin and Co. wanted to be paid their money on the 23d; would not the obvious way of obtaining it have been to realize the securities which bore a good premium?—Had those securities been mine, I should have done as I pleased with them; but as they were not mine, I was to demand repayment when I wanted the money, which I did. He did not say, "sell those bills," or I should have done it instantly.

4541. The question is why De Berckem did not sell the bills to realize the money wanted for a particular purpose?—That I cannot answer in any other way but that to my knowledge they were particularly employed in borrowing money, and I had no further to do with the question.

4542. De Berckem, being a broker, could have gone to the Bank himself to borrow money, could he not?—No doubt he could.

4543. Had you been long employed by De Berckem to act as his broker in these transactions?—I have known him for almost as long as he may have been upon the Stock Exchange; my transactions with him previously have not been so closely as within the last twelve months or two years; but I have known him from the time of his having been in the Stock Exchange, in that imperceptible manner, that I can hardly say how long. I have known him seven, eight, or ten years, I cannot say how long; but in fact ever since he was there.

4544. When was the first transaction of a loan on Exchequer Bills made for him or with him?—The first, I think, was made in December, 1840.

4545. Was that a loan made by you to him?—It was a loan made for him on Exchequer Bills.

4546. Will you state what was the nature of that transaction?—I can state the amount of the bills; what may have been said on that occasion I can hardly bring my mind to remember, but these things arise from conversation in the market one with another on money matters, and as he made it known it was no secret that he was generally open for loans on Exchequer Bills when they could be obtained; it was a transaction generally sought after by most persons.

4547. You say it was a loan upon Exchequer Bills. Can you state the numbers of the bills, or the amount of the money, or with whom it was?—The amount of the first loan that I believe occurred between us, I am almost certain it was the first, was 12,000*l.*

4548. You say you borrowed it for him. Do you mean that you borrowed it in his name?—No, I was the apparent borrower.

4549. Did any name appear upon the loan; was there any note or memorandum?—Not at all, it was not considered necessary; the apparent strength in Exchequer Bills was such, that it could be procured immediately if the money was wanted.

4550. What name appeared; did you appear as the lender, or was it known that another person was the borrower?—No name passed between Mr. De Berckem and myself. It was

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well known that I having principals to deal for obtained sums of money, for him from one of those principals.

4551. What was the rate at which that was advanced?—Five per cent.

4552. Who was the lender upon that occasion?—The lenders of that 11,500*l.* were Messrs. Stone and Martin's.

4553. Do you act as broker for Messrs. Stone and Martin?—Yes, in the capacity of broker, and as clerk to Mr. Forbes, and in connexion with Stone and Martin's house and Mr. Forbes for 20 years.

4554. When you were effecting a loan for De Berckem in that way with Stone and Martin, what name would appear to Stone and Martin?—My own.

4555. Your remuneration was the difference in the rate per cent?—Yes, just so.

4556. For what period of time was that lent?—On demand. In fact I did this with the perfect assurance that there was no risk in so doing.

4557. Will you look at the account now shown to you and state whether it is correct? (*The account put in by Mr. Dobson, printed in page* 181, *being shown to the Witness.*)—It is rather differently placed, but I have no doubt, having checked with Mr. Dobson the account he demanded of me, that it is correct, it appears to be not quite a copy, but it appears to agree in substance.

4558. Does that account before you of the loan transactions with you refer entirely to transactions entered into by you on account of De Berckem, or was any part entered into with other persons?—Entirely for De Berckem.

4559. What is the gross amount which appears to have been deposited?—At one time there are 21,500*l.* and the account balances; then 49,000*l.* and the account balances; and then again 22,000*l.* and the account balances. I apprehend the account of loans paid off and contracted again would not make more than 15,000*l.* at a time, though it might swell to a large amount in figures.

4560. Can you state what was the highest sum due at any one time by you to Martin and Co. on Exchequer Bills?—I should say 25,000*l.* was the extreme; that would be the outside, certainly. There is a sum to that amount on the 21st of April, but in this account it appears to be the 14th. I have no doubt that this account shown to me and mine are the same, and that the apparent difference is only a difference in the mode of stating the account. I have with me an account referring to the 15 bills on the subject of which I have been examined.

4561. Did you borrow money on Exchequer Bills of other parties for De Berckem?—No, I think that is all; that all the bills I ever had are contained in this paper.

4562. The 10,000*l.* you paid off at the Bank are not contained in that paper?—No, they are not.

4563. There are no others?—That would appear only by retracing all my transactions, but I have brought forward those which are immediate; I can refer to my book for any others, if it is desired.

4564. After the time when it was discovered that some of these bills were bad you went up to the Exchequer Bill Office?—I did.

4565. Had you, previously to your going up, any communication with De Berckem?—Not one word.

4566. State the date and what took place?—Mr. Henriques made a demand for his money, or wrote a letter on the Saturday, stating that he would have his money on the Monday, which would be the 25th of October, 1841, when the money market had become in that state it was impossible to know a good from a bad bill. Under these circumstances I could not sell the bill on Monday, then Mr. Henriques requested I would go to the Exchequer Bill Office with him the following morning and ascertain whether the bill was a good one. He came to me on Tuesday, the 26th, at 11 o'clock in the morning; I left the city with him for the Exchequer Bill Office, Whitehall. When we arrived there I asked the gentleman I saw there to have the Exchequer Bill examined, which was the Exchequer Bill No. 8283, dated 15th of March, 1841. The gentlemen in the office had the books of counterfoils in their possession, and they took this bill and tested it with the counterfoil of the same number; they said it did not match. I then asked if that were the only mode of testing its validity, the reply was that it was all they had to guide them; being conscious myself of every part of that Exchequer Bill being perfect but the signature, from every index of which for 15 or 20 years I had had experience, and I was only in doubt as to the signature; and here I would wish to state that, in further proof of my knowledge of an Exchequer Bill, there is a peculiarity in it of the watermark, and I would take upon my own knowledge to say that perhaps 10 out of 12 who will visit this room shall not be able to say upon it that which I can. I have looked at every index of an Exchequer Bill, which are generally given as tests by which any doubts are removed as to Exchequer Bills. In addition to that, for my own personal satisfaction, having so much responsibility thrown upon me from this unfortunate affair, I held those Exchequer Bills up and examined them by the watermark, which is peculiar in the letter *q*, which peculiarity I can swear to, having been acquainted with it for more than 15 years. I was very much puzzled by the watermark when I was a boy and clerk with Mr. Forbes, and I made myself acquainted with those distinguishing marks that I might not be taken in by them; it is a Roman *b* turned backwards, which letter I have never seen in perhaps any instrument in my life, nor in any Roman letters at all; the word is spelt as if by a q, "Exchequer," instead of "quer." Ten out of twelve of the dealers who have been acquainted with Exchequer Bills have not been aware of that, and I flatter myself that I have made myself better acquainted than most men in the market with the tests of the bills. In addition to all those points which are our common guides, that was one I could refer to from a previous knowledge of its being

in Exchequer Bills, that gave a further validity to the instrument. When I found that to be the case I was satisfied that that was a perfect bill in every respect, not but that a forger would try to make them as perfect as possible; the watermark with this mark upon it I considered as a most material index. The signature it is impossible for any man on the Stock Exchange, or in any market, or in the world, to know anything about; therefore my attention was directed to the signature, particularly in my visit to the Exchequer Bill Office.

4567. You mean to say your attention was directed to that after a doubt had been thrown upon the authenticity of the bill?—Yes; and at this point I asked at the Exchequer whether the signature was that of Lord Monteagle; I was answered, certainly not: I said I knew Lord Monteagle did not sign all the Exchequer Bills, for I had remarked a difference in the signature in Exchequer Bills before, but was that the handwriting of the person authorized to sign the bills? the answer was, they could not tell, but they thought it might be Mr. Perceval's signature. I asked whether it was Mr. Perceval's business to sign bills of this nature and date; the answer was, they would refer to a book in the office to ascertain: the book was inspected, and it was found that it was Mr. Perceval's duty to sign bills of that date and number; this was near 12 o'clock, and while this conversation ensued, a messenger came from the office to say, that Lord Monteagle had arrived. We were then shown into a waiting room; several gentlemen came on the same business, among others Mr. Scott. I was attending for Mr. Henriques. Mr. Wolfe was another party I knew there.

4568. Was Mr. Maubert there at that time?—He was not at that time; we waited till past one o'clock, when we were told that we might expect shortly an official answer. At three o'clock we were again called into the office we had been in at first.

4569. In whose possession was the Exchequer Bill during this time?—I think they returned me this Exchequer Bill; but during the time of the examination of this one bill, a gentleman from Stone and Martin's came up with two other bills to examine, which were the two bills of Mr. Dobson. I took those bills from this gentleman's hand and said, "I am here on an errand of the same kind, and I am very anxious to know whether any of my friends have any repudiated bills, or forged, or fraudulent, or whatever they are, leave me these and I will stay the inquiry out," and he left me those bills. I said, "Tell Mr. Dobson that when I return I will bring them back to him and the answer." No official answer could then of course be given, but that the Government were pursuing an inquiry to re-instate the health of the market. I was about retiring with the rest of the gentlemen who had been all called in to hear this announcement, when Mr. Perceval's name transpired, and he entered the office shortly after. I then placed the three Exchequer Bills, Nos. 8283, 8369, and 8274 in his hand; those bills had all been tested by the counterfoils, but were not considered to match before Lord Monteagle's arrival; then no further examination with the counterfoils took place. On my putting those three bills into Mr. Perceval's hands, and begging to know whether those signatures of "Monteagle" were in his handwriting, he looked at them and had no decisive answer to give me, but remarked, that if suspicion were thrown upon the bills, he would not be induced to say this or that, whether any one in particular was perhaps less like his handwriting than others, but that if they were forgeries they were remarkable. Mr. Perceval then commented upon the power of the arts in the present day, and the extraordinary modes of taking facsimiles of things, mentioning the electrotype modes, which would defy detection if they were resorted to. Mr. John Wray Scott then having 30 or 40 Exchequer Bills in his hand, which I have since ascertained were those of the Chamberlain of London, placed those also in the hands of Mr. Perceval; and I believe I spoke, being very anxious, and asked if the 30 or 40 placed in his hands were genuine. They had been said to be of the fraudulent issue through the channels through which we seemed to fancy all the fraudulent bills had come, Mr. Scott having received his through the same. He looked over them in a cursory manner, I cannot say that he was very minute, but he looked at the corner of the bills at the point of the signature. I asked him whether they were his handwriting, and he could not more definitely say than he had done before. I then said, "Mr. Perceval, can you take any one of the bills you have in your hands, and cast the others away as in a style totally foreign from your handwriting?" he replied that he could not. I then said, "Do you think the paper, the stamp, and the numbering emanate from the Exchequer Bill Office?" he said he could scarcely have a doubt about it. We had previously heard in the morning that an unpleasant circumstance had occurred at the Exchequer Bill Office with one of the clerks. Mr. Perceval continued, that if they were Exchequer Bills, and they did not match the counterfoils, he should be induced to say they were not his from the impossibility of his having signed double sheets and numbers, an inspector or overlooker being always present at the signing as a check, which would prevent the possibility of his signing double sheets or numbers; that there was some sort of check always present at the signing. He then seemed to close his expression of the difficulty of identifying his handwriting by saying it was another person's name; that in his writing the characters of his name they would vary at first before the style had been completed; and it was more difficult to identify the signature of another name than of his own, and with that our conversation closed.

4570. You are liable on all those 15 bills to different parties?—Yes.

4571. What is the total amount of your liabilities on Exchequer Bills comprehended within this Act of Parliament?—The 8000*l.* with the Bank of England, and seven others.

4572. You have paid nothing on any of those bills?—Nothing.

4573. Have you paid any part of the costs of the Bank in the action they have brought against you?—I am liable to them, I have not paid them. It may be as well to state that in the action with the Bank a powerful motive urged in defence was that conversation with Mr. Perceval.

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4574. Did you make any demand on Mr. De Berckem?—I did.
4575. Of what kind?—In a written communication. It was sent to him on the 12th of November, 1841.

The same was read as follows:

"Sir, No. 3, Bartholomew Lane, Bank, November 12, 1841.

"The undermentioned Exchequer Bills having all been pronounced spurious not coinciding with the counterfoils at the Exchequer Office, and as I received them all from your hands, and disposed of them in the manner here set forth, I now give you notice that I hold you liable for the amount of principal and interest upon them, should any loss be sustained by the several parties who have given me notice of the present position of the said Exchequer Bills, which is as follows:—

"Nos. 6495, — 6, — 7 | 3 | 1000£. Exchequer Bills, dated 16th June, 1841, sold by your direction on 22nd October, 1841, to Edward Morgan, of the Stock Exchange.

"Nos. 8278 8282, 8279 8374, 8280 8375, 8281 8376 | 8 | 1000£. Exchequer Bills, dated 15th March, 1841, pledged for you at the Bank of England, and sold by them on 23rd October, 1841.

"Nos. 8369, 8274 | 2 | 1000£. Exchequer Bills, dated 15th March, 1841, deposited with Mr. William Dobson, of 68, Lombard Street, on loan.

"No. 8283 | 1 | 1000 Exchequer Bill, dated 15th March, 1841, deposited with Mr. David Neves Henriques, of 17, Artillery Place, Finsbury, on loan.

"No. 7102 | 1 | 1000 Exchequer Bill, dated 16th June, 1841, deposited with Mr. Thomas Boys, of No. 8, Bishopsgate Street Within, on loan.

"Your most obedient Servant,
"H. TOMKINS."

4576. Can you put in an account of the several parties who have given you notice, and the amount of principal and interest due to them respectively?—I have not made out such an account. Some have not made a demand beyond a verbal demand. I will make out the account.
4577. With respect to the transaction of sale in the market to Edward Lloyd Morgan, of the 22nd of October, you say the object of the sale was to enable De Berckem to repay you for loans contracted for him on Exchequer Bills?—That was the object. I sold those bills, and accounted to him.
4578. In order to repay the loans for which you had become liable with other parties?—Yes.
4579. You say you furnished him with the draft; how came you to do that?—Not being sufficient to pay the whole, I might have sold other Exchequer Bills in the course of the day, and he might have brought me more money to take up the Exchequer Bills.
4580. Where did you obtain the money with which you paid off the three out of the eleven Exchequer Bills?—From him, in the afternoon, in Bank notes; he handed me Bank notes.
4581. Was any body present besides yourself and him?—His clerk handed them to me, I think.
4582. What is the name of his clerk?—Mayo.
4583. At the time of this transaction, had you any particular acquaintance with E. L. Morgan?—None beyond our Stock Exchange acquaintance; I had known him for years; I had had no communication with him except on matters of business.
4584. Was he in treaty with another person when you made him the offer?—He was in the market trying to deal.
4585. With whom was he trying to deal?—He was trying to deal with Messrs. Brown.
4586. You came up?—Yes.
4587. Did you offer to sell at 11*s.*?—I asked the price of Exchequer Bills. I saw Mr. Morgan in treaty with Messrs. Brown. I said, "What are Exchequer?" "Ten-twelve is the price made by jobbers," being at 2*s.* difference. I waited some little time; seeing Mr. Morgan in treaty with a jobber, I shut my mouth, as is usual in such cases. I heard him say, "Well, I will give you 11*s.*," which was the medium price. I waited to see whether he would take that price; he would not listen to it, and I said, "Then you shall have them of me," which transaction was at the medium price.
4588. What instructions had you from De Berckem as to the price at which you should sell them?—No instructions whatever; I was to sell them to redeem the Exchequer Bills at the market price of course.
4589. Do you mean to say he told you to sell them at the market price?—Nothing further than my demanding the money; then, "Shall I sell the Exchequer Bills?" and he said I might, and I did, as I found he was not obtaining the money for me in any other way.
4590. Nothing was said about the market price, or otherwise?—Not a word.
4591. You say the state of the market did not enable you to sell more than three; how many had you received from De Berckem to sell?—I had received the whole eleven.
4592. Did you try to sell the other eight?—I did.
4593. To whom did you try to sell them?—I tried to sell them to Messrs. Brown.
4594. To any body else?—I dare say I might, but I cannot remember it. A conversation having ensued with Brown in the first instance, it led to a further conversation, and he said rather

angrily that I had cut him out in selling the Exchequer Bills at that price, when, if I had not done it, he might have got the 12*s*. I said I could not help it, I had business to do. This was late in the day; it was about three o'clock.

4595. Had you previously endeavoured to sell the bills?—No; expecting the money to come from Mr. De Berckem, feeling confident that I could sell them at any time; but I could not get any one to make a price, they were not anxious to deal.

4596. From whom had you received the 10,000*l*. with which you paid off the 10,000*l*. Exchequer Bills at the Bank?—From Mr. Francis De Berckem, on the 22d. in the morning.

4597. In what shape?—In 1000*l*. Bank notes.

4598. Do you know how he had obtained those Bank notes?—I do not.

4599. What were the communications you had with De Berckem, and what were his instructions to you as to the redemption?—They were to be paid on the 21st, and continually as business allowed me to do so I was coming to him at intervals to see whether he had the Bank notes ready for me to redeem the bills. I had previously told him I had no more friends or principals that had any money to lend, and that when the period arrived the loans must cease. I called upon him a week previously to request that he would take care to provide the money, as I had no resources independently of the means he took.

4600. Did you apply to him to redeem the 10,000*l*. previously to the 11,000*l*.?—No, I looked for the whole. I said, "I have no other friends that want to lend money, therefore, when they are due, you must pay me."

4601. Was there any particular reason why you redeemed the 10,000*l*. rather than the 11,000*l*.?—No; it was at the option of the Bank to give me which they pleased. I said, "Here are 10,000*l*.;" and they gave me what bills they pleased.

4602. You redeemed 10,000*l*. in the morning, and then redeemed 3,000*l*. more in the afternoon?—Yes. I could not procure any more, the market was in that condition; I could not even find loans on Exchequer Bills.

4603. Your first application was to redeem 10,000*l*., without particularizing either loan?—Yes.

4604. What did you do with the 10,000*l*. bills you got back from the Bank?—I gave them to Mr. De Berckem.

4605. Did you know anything more of them?—Nothing more.

4606. Was the case the same with respect to the other three bills?—No; I retained those bills, the 3000*l*. being paid in in the afternoon, and hoping as I did that I should redeem the remainder the following morning, I did not ask for those bills, and they were returned to me in a parcel the next morning, when the 8000*l*. were ordered to be sold.

4607. You paid in your 3000*l*. without getting the three bills in return?—Yes; and when I received them from the Bank I retained them at De Berckem's own request, to endeavour to sell to redeem those of Mr. Dobson and Mr. Henriques, feeling myself not satisfied with letting any money remain out for my friends if I could possibly prevent it.

4608. What did you do with those three bills?—I have got them still locked up in Lombard-street.

4609. Have those ever been examined, so as to ascertain whether they are genuine?—I know nothing more of those bills than that Mr. De Berckem, after this took place, desired me to keep those bills, as he had reported them to the Treasury as in my hands as belonging to him, for which he had given value; and not knowing what was to be done with them, I did not feel myself justified in parting with them till I came before an authority, saying how matters stood, and to whom they belonged.

4610. Will you state the numbers of those three bills?—7068, dated 15th of June, 1841, and 8377 and 8378, dated 15th of March, 1841. Those three 1000*l*. bills I was to sell to redeem former loans of Mr. Dobson and Mr. Henriques; but when I found the market daily worse and worse, it was impossible to do so. Mr. De Berckem told me he had given up the bills he held to Government, and had reported those as in my possession.

4611. You do not consider yourself as having any lien upon those bills?—No; there are expenses I have incurred, but those would not come against these, having received 3000*l*. from Mr. De Berckem for those Exchequer Bills, and redeemed them. I, perhaps, can hardly be considered as holding them for those expenses.

4612. When Exchequer Bills are deposited on a loan of money, is it always the understanding that the person with whom they are deposited is at liberty when the time for payment is come, and no payment is made, to sell the bills?—Always it is so with us. I understand it to be the usual course. I should have had no hesitation, had I wanted money and not found it, to have gone into the market and sold the bills I held.

4613. Then how do you explain, consistently with that, the not having sold three of those bills when the premium was at 14*s*. or 16*s*., instead of going to the Bank to obtain money upon them?—Because those bills were not mine; they belonged to Mr. De Berckem.

4614. Were not those bills, which had been deposited with you by Mr. De Berckem, on a loan of money?—They were.

4615. And deposited afterwards by you on a loan from Stone, Martin, and Co.?—Yes.

4616. Mr. De Berckem deposited with you those bills?—Yes.

4617. Did not that give you power, as between you and De Berckem, to sell those bills when they came back to your hands in consequence of the money being paid off?—Not before I had asked for the money, and not received it.

4618. You did ask for it and did not receive it?—Yes.

4619. Did not that give you the power of selling those bills in the hands of Stone and Martin?—It did, but he had said previously that if I could get it at the Bank he had rather that I did so than sell the Exchequer Bills, and it went on from day to day.

Examinations.

Mr. H. Tomkins. 13th June, 1842.

4620. You were asked, why the bills were not sold, you were understood to say that you always understood that De Berckem only held his bills as security —That is not correct.

4621. Why were not those bills brought to sale, instead of being pledged at the Bank?—Because he told me when I demanded the money, that if I could get the money at the Bank for a day it would oblige him; but I could not get my principals to wait.

4622. Did you propose to sell?—No; that is not usual; if he had made a provision and having succeeded I had no reason for selling.

4623. You were entitled to sell?—Yes; but it would have been an unbusiness-like thing to have sold them under those circumstances, I believed they were good bills, I knew nothing of the circumstances of the bills. I had my payment, he put me in a way of obtaining payment the same day, had he not done so I should have sold the bills; I had a provision always from the borrowing the money.

4624. In this particular case no mention was made of selling the bills?—No; no mention was made of selling them,

4625. Were you ever employed to sell Exchequer Bills for De Berckem, except in the case which has been mentioned of E. L. Morgan?—No, never.

4626. There was no other case in which you were employed by De Berckem to sell a bill?—No; I never sold any Exchequer Bills for him except those three.

4627. Did you know of his selling any bills?—I knew of no transaction of the kind.

4628. You say your first transaction with him was in December, 1840, when you lent him 11,500*l.* Had you had had any recommendation of him or introduction so as to induce you to lend him the 11,500*l.*?—Common conversation in the market for months before had made me acquainted with the business he was doing. I saw him doing large business in foreign stocks, and observed men of substance dealing with him and large transactions going on in which their families and fortunes would not be risked by a person unqualified to meet great speculations, and after those circumstances had been a long time known to me when large accounts existed, I heard that large differences existed; and it was perhaps a little doubtful whether Mr. De Berckem's principals were strong and he was well backed, and I believe some little consultation took place upon the matter, and he then assured gentlemen of his strength to meet them by showing them Exchequer Bills at his command unconditionally, and it was in the knowledge to all of us that there were Exchequer Bills in his hands to carry on his transactions to a large amount.

4629. Do you know anything of those circumstances except by common rumour?—Nothing whatever.

4630. In the action the Bank brought against you, they got a verdict and judgment?—They did so.

4631. Has any execution been taken out?—Execution has been taken out; they have taxed the costs previous to an adjustment, but my solicitor has requested the matter to be suspended till the consideration of Government has been given to the matter.

4632. Execution has not been levied?—No; they have suspended the proceedings for the present.

4633. Have they made any engagement to suspend proceedings?—I understand from my solicitor that they are willing to stay proceedings upon the judgment until the termination of the inquiry now pending.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'Clock.*

TUESDAY, 14th June, 1842.

The EARL of DEVON in the Chair.

Robert Hichens, Esq. further examined.

R. Hichens, Esq. 14th June, 1842.

4634. You stated on a former occasion that on the 22nd of October Mr. E. L. Morgan called at your office and gave you 5000*l.* Exchequer Bills which he said belonged to the same party with yours, and proposed to you to take them up to the Exchequer?—Yes.

4635. Had you had any previous communication with him on the subject of the bills being forged?—No; about three or four or it it might be five days before when first the allusions appeared in a morning paper that there was something wrong in the Exchequer market, not alluding to their being forged, Mr. William Morgan, with whom I never had any dealings, came into our office and said, "What a horrible thing this is in the country, the rumour about Exchequer in the Times and other papers; by-and by nobody will be able to borrow or lend money on Exchequer Bills." He then said, "If you are afraid of your Exchequer had you rather take Spanish Stock with a cover of 20 per cent."

4636. Had you proposed anything on that subject?—Not a word, to which we said no; I believe I said it was well known we never lent money on Spanish Stock, I have repeatedly rather preferred taking a man's cheque to taking Spanish Stock as a security.

4637. Had you reason to believe that he had a considerable amount of Spanish Stock at that time?—I had reason only from this that it was understood there were large Spanish

accounts in the market, and that we supposed that he might have an account but we are not time-brokers; I have not made 100*l.* a year by doing time business.

4638. When you say "as a cover," did you understand that you were to have the Spanish Stock in addition to the Exchequer Bills?—No; but supposing we gave up 50,000*l.* he would give me Spanish Stock to the value of 60,000*l.*, one-fifth part more.

4639. With this exception, had you had any communication with him bearing on the subject of forgery or a supposed forgery till he made you the offer on the 22nd of October to place five 1000*l.* bills in your hands?—No, and there was nothing about forgery till the 22nd of October. When the elder Morgan came and offered me the Spanish Stock there was not even the slightest whisper in London that the Exchequer Bills were forged.

4640. Except that question as to your having any dissatisfaction nothing had occurred between you and him that bore on the point of forgery till he on the 22nd of October called upon you and offered to place five 1000*l.* bills belonging to another party in your hands that you might carry them up?—He did not offer to place them in my hands, but only if I was going up to the Exchequer. "Here are five 1000*l.* bills belonging to the same party, and I wish you would take them with you and test them for me," and he said, "They are all good they all came from the same party;" they were not offered to me as an extra security but as a means of testing.

4641. You say his expression was "Perhaps you have not got yours at hand?"—He did say so, for it was well known that I was a dealer in money and that the securities lodged in my hands travelled half over London sometimes.

4642. Did he know when he deposited bills in your hands into whose hands they might pass?—Never, and for a very good reason, that would be opening up to those who were borrowing of me the source from which I was getting my money, which I studiously conceal.

4643. It would nevertheless be probable would it not, that you would have in your hands some of the bills you had received from him and in point of fact you had?—In point of fact we had.

4644. Had you not in your hands nearly as much as the 5000*l.* he proposed your taking up, namely, 4500*l.*?—No; I had the 3000*l.* I had taken of Scott and only 1500*l.* of Morgan's. In our business Exchequer Bills and all other securities are continually passing from hand to hand, I was exchanging securities from day to day.

4645. Did any reason occur to you why he did not take up the 5000*l.* himself as they were his own bills?—It did not.

4646. Did he give any reason for not taking them up himself?—No; he came in a state of considerable agitation and said, "Have you heard this horrible report about Exchequer Bills;" I said, "I have just heard of it and I am just going up to the Exchequer Office to test them;" he said, "I have got 5000*l.* in my pocket they are all belonging to parties of the highest respectability, will you take them, up and examine them, they are running numbers," or something of that kind.

4647. You informed him on this occasion, before he produced the 5000*l.* bills, that you were going up to the Exchequer-Bill Office?—He said, "Have you heard this horrible report, that Exchequer Bills are forged?" And I said, "Yes, I have, and we are now going up." I think I said, "I am going up to the Exchequer to examine some we have got;" and he then said that I have stated with regard to the 5000*l.* he had in his pocket.

4648. You say you proceeded to the Exchequer-Bill Office with those and other bills; the particular office to which you went was the Paymaster's Office?—It was.

4649. The Commissioners understand that there you saw Mr. Wood?—I thought it was Mr. Wood; but it turns out not to be Mr. Wood.

4650. You have stated elsewhere that the first office you came to was the Paymaster's Office, which you called Mr. Wood's office?—When I got to the Exchequer-Office in Scotland-yard, I had not been to an exchange of bills for 25 years, and in my days it was in Palace-yard. I was hunting about, and at last I saw it upon the door, "Paymaster's Office." Mr. Maubert was opening the door against me. He said, "What are you come for?" I said, "I am come to test some Exchequer Bills. I have not been here for a quarter of a century." He said, "Oh, I know Mr. Wood very well, and I will take you up to his office." I saw a gentleman, whom I considered as Mr. Wood; but when I came before the Commissioners under the late Commission of Inquiry I was asked who it was? I, thinking it was he—a gentleman was in the room—and it was said, "Do you know that gentleman?" I said, "I do not." He said, "It was not me you saw, but Mr. Waterfield, who was in attendance that day."

4651. You have said that afterwards the bills were taken to the Comptroller's Office; have you since known that that office was Mr. Smith's office?—Yes, I find it was.

4652. You did not at the time know that it was Mr. Smith's office?—No, I had never heard of the name of Smith; he had been there since my time. I used to have a vast deal to do with the Exchequer many years ago; but of late years my junior partners or clerks have gone up, or our bankers have done it for us.

4653. Did you see a person there whose name you have since known to be Blake?—Yes.

4654. That was the office to which you went from the Paymaster's?—After my bills were compared and declared to be genuine in the Paymaster's Office, I was taken by Mr. Waterfield, and a young gentleman with dark bright eyes, to the Comptroller's Office.

4655. In your last examination you said the clerk, followed by Mr. Maubert and yourself, took the remainder of the bills to another office; do you mean that they took only the remaining bills, or the whole, to the other office?—I believe the whole bills, as far as I can be sure of,—a circumstance not written down at the time. I should say it was the whole bills. They took the counterfoils of the March bills I think with the March bills in their hands, and the other bills in their hands without the counterfoils, the counterfoils of the June bills being in that office.

Examinations.

R. Hichens, Esq.
14th June, 1842.

4656. Did the assurance as to all the bills take place in the Comptroller-General's Office, or only as to the March bills?—I should say the assurance first as to the March bills took place in the Paymaster's Office, and then the assurance as to the whole of the bills in the Comptroller-General's Office. I saw the March bills rigidly compared in the Paymaster's Office; but I did not see the June bills compared in the Paymaster's Office, for the gentlemen seemed to wish me not to witness it, and I retired.

4657. Did Mr. Morgan state to what office he wished you to carry his bills?—To the Exchequer Office.

4658. The particular office was not stated?—No.

4659. This was on the 22nd of October?—Yes.

4660. Do you know of anything having been said by either of the Messrs. Morgan as to their having parted with a considerable sum of money to Rapallo, which they would not have parted with unless they had been assured those bills were genuine?—The elder Morgan said so to me; he had never entered my office till he came to me about the reports as to Exchequer Bills. Subsequently to that he said that; but I cannot fix the precise day.

4661. It was after the 22d of October?—Yes.

4662. And after you had returned the 5000*l.* to him as genuine?—Yes; he said in consequence of the bills having been pronounced genuine at the Exchequer, he had given up a large amount of Spanish stock.

4663. Did he say to whom?—He did not say that that I recollect, but to the parties for whom he held the bills; but I do not know that the name of Rapallo was mentioned.

4664. Up to that time had you heard for whom he acted?—No.

4665. Had no rumour reached you up to that time as to the parties for whom he acted?—No.

4666. What was the date of your first transaction in business with Morgan?—In 1835; I think September the 16th.

4667. The account you have handed in relates to the year 1841, and it purports to be a new account, as from the 13th of May, 1841, in such form that it might be supposed that former balances were settled; was that so?—It was put in that way from my understanding that the Commissioners wished for an account of the bills scheduled in the Act.

4668. In point of fact, from the 13th of May, 1841, was there a balance between you, or was the account settled and a new account opened?—There was a former balance, but my partner, Mr. Harrison, can give the best account of the books.

4669. The Commissioners have called for an account of the former transactions?—That will be given in that account.

4670. Were all the transactions between you during the period from 1835 downwards?—Yes, during which we have had very large balances of his in our hands.

4671. Had the transactions been on Exchequer Bills?—Yes, and on stock as well.

4672. Had a considerable proportion been on Exchequer Bills?—I conceive so, but the account will show that more precisely than I can state it.

4673. Can you state what was the largest sum he had ever owed you previously, at any one time, on Exchequer Bills?—I think 43,500*l.* appears to be the largest balance, and that was in 1836; it struck me that it might be possible a vast proportion of these transactions with Morgan were not for Solari at all, and I have been to Morgan's office this morning; he was not there himself, but his clerk, Mr. Cook, turned to the account, and of that sum of 43,500*l.* Mr. Cook declares not one farthing was borrowed for Solari. I observe that in 1841 it appears to have been 48,500*l.*

4674. That balance in 1841 was in fact the largest balance which had ever been outstanding between you?—Yes, it was.

4675. It appears that you have had very large dealings in Exchequer Bills, and all other securities. Did you ever happen to have had from any other party as much as 49,000*l.* due on Exchequer Bills at the same point of time?—I think I have had upwards of 80,000*l.* This is an account which I will give in. In 1839 we had, on the 12th of August, 51,000*l.* with Cole and Mullens on Exchequer Bills. On the 30th of August we had 95,000*l.* on Exchequer Bills with Cole and Mullens; then we had loans with Tucker, Barnard, and Co., both of those brokers, one of them, Cole and Mullens, being the brokers to the Bank of England, and the Commissioners for the Reduction of the National Debt; Messrs. Smith, Payne, Smith, and Co., and the principal Scotch banks, and Messrs. Tucker and Co., being among the most respectable brokers in London, and also brokers to Smith, Payne, and Smith; with those first gentlemen, in September, 1830, we had 49,000*l.* On the 16th of October, 1839, they had 80,000*l.* of our money, and at exceedingly high rates of interest,—at 8 per cent., at 7 per cent., and even at 10 per cent. on Reduced Three per Cents., which will show what was the state of the money market, that houses of such respectability, giving us such interest, and of course when we allowed that interest we were giving high rates of interest; it is always most profitable to us when money is at a low rate of interest.

4676. In both those cases you have referred to, the loans were running at the time when you had this account with Morgan?—Yes.

4677. Can you mention any other individuals with whom you had accounts of the description of those you have referred to on Exchequer Bills?—I know there were very large accounts upon Exchequer Bills with other parties, but the names do not occur to me at present; the names will be given by Mr. Harrison, who has prepared the accounts.

4678. You are at liberty to tender any evidence you think fit with regard to the credit and respectability of Messrs. Morgan in 1841, when you lent them the sum of 49,000*l.*—I conceive that Mr. Morgan's credit is established with me by my having lent him money at the same rate as I lent to persons of the first consequence in the Stock Exchange.

4679. So far as the interest on those loans was concerned you dealt with Morgan on his personal credit, and would have been paid by his cheque?—Or by Bank notes if I desired it.

4680. What was your practice?—Sometimes to be paid by Bank notes, sometimes by cheque.

4681. Had you any covering beyond the amount?—No, barely the amount; if we lend on Exchequer they are taken as the full consideration, the premium and interest being considered sufficient.

4682. Whether they would be a cover for a given loan would depend on the amount of the interest at the time of the borrowing?—Yes; but if we lend the money on Exchequer we do not look to the time they have run.

4683. The interest may be greater or less?—Yes; but I would not deal with a man whom I had to watch so closely as to make it an object whether there was a little more or a little less interest. I have had as much as 200,000*l.* of Messrs. Hoare at a time; they say, simply, "You are to give Government security." I give them as my security 100,000*l.* Three per Cents. or New Three and a Half. I give them 105,000*l.* stock, being a 5 per cent. cover on the 100,000*l.*; but they require no extra cover upon Exchequer Bills.

4684. They require a cover on loans secured by stock, but not on loans secured by Exchequer Bills?—That is their rule; I believe it has been their general rule. With my own bankers, with whom I have had vast transactions, it has always been the same; there was always a 5 per cent. cover on stock, but not on Exchequer Bills. It is the general course of business in the city that an Exchequer Bill is taken at the amount whether the Bill is at a premium or a discount, or the interest is more or less. If the Exchequer Bill will not cover the advance, it is at the credit of the borrower.

4685. You have stated that no written memoranda pass in cases of this kind between you and the borrower, and that none do in the common course of business?—Never.

4686. Was anything stated between you as to the terms of the loan, except the rate per cent. and the period for which the money was advanced?—Never.

4687. Was there no other condition or stipulation attending your transactions?—Never. I took my department in the counting-house, the correspondence and general conduct of the business, but I am not aware that I ever made a bargain or contract for money.

4688. By what particular individual would a bargain be made between your house and Messrs. Morgan?—My brother and Mr. Harrison.

4689. You never heard of any stipulation from Morgan for the return of the same bills?—Never.

4690. You have stated on a former occasion that by the regular course of business it is always understood that the same bills will be returned?—Always.

4691. Did you ever know of a stipulation being made in any case that the same bills should be returned?—I never heard of such a thing in my experience in the Stock Exchange.

4692. Did you ever know it mentioned?—No, not to my knowledge.

4693. Did you ever know prior to the transactions in question a case in which bad bills had been given or suspected?—No.

4694. On the bills now in your hands, deposited with you by Morgan, has any interest been paid, and at what times?—I should wish to refer that to Mr. Harrison, as he has been the bookkeeper.

4695. In one of the accounts you have delivered in you refer to transactions similar in their nature with those you had with Mr. Morgan, are there any which you consider similar to the loan made to him on the 29th and 31st May to the 16th July, 48 days at 5 per cent.?—I would refer to the transaction with Mr. Mortimer, who is broker to the Court of Chancery, contained in my account of parallel cases.

4696. Can you state whether that particular transaction to which you refer was in Exchequer Bills or India Bonds?—In Exchequer Bills.

4697. With respect to the advance to Mr. Simon, that appears to be a single advance of 30,000*l.* which diminished?—Yes.

4698. In your dealings with Morgan in the year 1841, there would seem to have been 12 successive advances?—Yes.

4699. They were continually increasing?—Continually increasing; latterly we owed him money, a balance of 8500*l.*, on the 16th of April, we were his debtors then.

4700. According to the account delivered in, there would seem to be about 30,000*l.* on a monthly average constantly due to him from you on Exchequer Bills?—It is possible it might be so; I have not the figures before me.

4701. In the case of Simon there appears to be one advance of 30,000*l.* gradually diminishing?—Yes, diminishing, as we did not wish to go on with the loan.

4702. Who is Mr. Simon?—He is a broker.

4703. Do you know for what party he dealt in the case you have referred to?—I do, it was done for an eminent country banker. After this explosion about Exchequer Bills took place, Mr. Simon wished the loan to be continued, and then told us that the money was borrowed for a very eminent country banker; it struck me that Mr. Simon had two motives for doing that, one to convince us that the bills must be good bills, they were not then marked; and the other to screen himself perhaps from any possible responsibility in case the bills should not turn out good; he then gave me the name.

4704. For what reason did you decline proceeding with Mr. Simon?—Because our means were crippled and paralyzed.

4705. Brunton's appears to have been a single advance of 25,000*l.* or thereabouts, which was continued?—Yes, the same quantity of Bank stock.

4706. You state in a note that that loan commenced in November, 1839, and that with the

Examinations.

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exception of some interval it lasted for two years?—That was the fact; I have here a statement of the loan made to Mr. Brunton.

The account was delivered in and read as follows:—

STATEMENT of LOANS on the SECURITY of BANK STOCK, with Mr. J. A. BRUNTON, Broker to Messrs. GLYN, MILLS, and Co.

1839, Nov. 27.	Lent him on	£20,000	Bank Stock,	£35,600 at	8 per cent. to 16th January, 1840.
				Renewed 5	,, to 27th February.
				Renewed 4½	,, to 14th April.
				Renewed 4	,, to 26th May.
				When it was repaid.	
1840, Aug. 27.	Lent him on	£40,000	Bank Stock,	£67,200 at	4 per cent. to 16th October.
				Renewed 4	,, to 26th November.
,,	on	£15,000	,,	£24,000 Renᵈ. 6	,, to 15th January, 1841.
				Do. 4½	,, to 25th February.
				Do. 4½	,, to 13th April.
				Do. 4	,, to 25th May.
				Do. 5½	,, to 16th July.
				Do. 4	,, to 26th August.
				Do. 5½	,, to 15th October.
				Do. 5½	,, to 24th November.

This account was desired to be continued until 15th January, 1842.

We have every reason to believe that these loans were for Messrs. Glyn, Mills, and Co., as the £40,000 Stock was transferred by Mr. George Carr Glyn, and also that the previous loan was for the same parties.

We have reason to believe that the loans commenced with other parties prior to 27th November, 1839, and were opened also with others after we gave them up in November, 1841.

That the interval between the 26th May and 27th August, 1840, was caused by our not agreeing as to the terms, and we believe that for a part of such interval the money was borrowed of other persons.

We know also that these loans were not transacted only with us, but that the remaining £25,000 Bank Stock was running with other parties.

These loans will be found to extend over a period of 2½ or 3 years, with only one short interruption.

Dividends due April 5th, October 10th, and are usually paid the day after.

Transfer Days. Tuesday, Thursday, Friday. Holidays excepted.

BANK STOCK.

Received this 27th day of August, 1840, of Thomas Jones Margrave, Esq., the sum of Thirty-three thousand six hundred pounds Sterling being the consideration for Twenty thousand pounds Interest or share in the Capital Stock and Funds of the Governor and Company of the Bank of England, by me this day transferred to the said Thomas Jones Margrave.

Witness my hand, the day of the date above written.

Witness

GEO. CARR GLYN.

E. ELLIS, M. 176.

£20,000.

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☞ The Proprietors, to protect themselves from fraud, are recommended to accept by themselves or their Attorneys, all Transfers made to them.

£33,600.

4707. This was a transaction not on Exchequer Bills but on Bank Stock?—Yes.

4708. What was the rate of interest?—The rate of interest would be about 4 per cent. on the money invested in Bank Stock; and with respect to the high rates of interest which had been paid to me during the time when money was so dreadfully scarce, they were of course paid to me because they could not get it cheaper elsewhere.

4709. Do you know what kind of expense attends the transfer of Bank Stock?—The stamp on the transfer is 12*s.*, and the commission is half-a-crown on the stock; whatever the price there would still be the same charge of half-a-crown on the 100*l.* stock.

4710. Can you state, or would you rather refer to your partner, what has been the highest rate of interest which has been at any time taken by you from Morgan on Exchequer Bills?—I should wish to refer that to Mr. Harrison. I would beg to produce this statement of parallel transactions with Cole and Mullens, and Tucker and Barnard.

The same was delivered in and read as follows:—

Loans with *Messrs. Cole* and *Mullens* in 1839.

	£.	s.	
Aug. 7. . .	21,000	0	At 5½ per cent. to 13th August.
Aug. 8. . .	10,000	0	At 5½ to 14th August.
			At 8 continued to 21st August.
			At 8 continued to 27th August.
Aug. 12 . .	20,000	0	At 8 to 16th August.
	£51,000	0	
Aug. 17 . .	£36,000	0	At 6 to 20th August.
Aug. 21 . .	£21,000	0	At 8 to 26th August.
Aug. 23 . .	£13,743	0	At 10 to 29th August on 15,000*l.* Reduced 3 per Cents.
Aug. 29 . .	30,000	0	At 8 to 5th September.
,,	50,000	0	At 8 to 6th September.
			At 5 continued 26,000*l.* to 10th September.
Aug. 30 . .	15,000	0	At 7 to 3rd September.
	£95,000	0	
Sept. 16 . .	20,000	0	At 6 to 20th September.
			13,000*l.* continued to 21st September.
Sept. 17 . .	20,000	0	At 7 to 18th September.
	£40,000	0	
Sept. 27 . .	£11,000	0	At 8 to 1st October.
			At 9 continued 5,000*l.* to 2nd October.
			At 8 continued 6,000*l.* to 3rd October.
Oct. 3 . . .	£15,000	0	At 8 to 5th October.
			Continued 10,000*l.* to 7th and 8th October.
Oct. 11. . .	£20,000	0	At 7 to 12th October.
Oct. 26 . .	£15,000	0	At 5 to 5th November.
Nov. 12 . .	£ 7,000	0	At 8 to 13th November.
Nov. 29 . .	£ 8,000	0	At 6½ to 3rd December.
Dec. 6 . . .	11,732	10	At 5 to 11th Dec. continued.
Dec. 11. . .	24,267	10	
	36,000	0	At 6 to 17th Dec. continued. (On Reduced 3 per Cents.)
Dec. 17 . .	£28,055	0	At 7 to 24th Dec.
Dec. 14 . .	£ 3,000	0	At 6 to 17th December.
			At 7 continued to 20th December.
Dec. 16 . .	£10,000	0	At 6 to 20th December.

Loans with *Tucker, Barnett,* and *Co.*, in 1839.

	£.	s.	
Aug. 12 . .	10,000	0	At 8 per cent. to 16th August.
Aug. 13 . .	10,000	0	At 8 to 19th August.
Aug. 14 . .	10,000	0	At 10 to 19th August.
	£30,000	0	
Aug. 19 . .	20,000	0	At 7 to 23rd August.
Aug. 21 . .	20,000	0	At 8 to 26th August.
			Continued to 28th August.
	£ 40,000	0	
Aug. 26 . .	£10,000	0	At 8 to 28th August.
Sept. 12. . .	10,000	0	At 5 to 14th September.
			Continued at 6 to 16th September.
			Continued at 6 to 20th September.
,,	10,000	0	At 5 to 16th September.
			Continued at 6 to 20th September
,,	25,000	0	At 5 to 17th September.
	£45,000	0	
Sept. 17 . .	10,000	0	At 6 to 18th September.
Sept. 19 . .	7,000	0	At 6 to 23rd September.
Sept. 20 . .	5,000	0	At 6 to 24th September.
Oct. 4 . . .	3,000	0	At 7 to 11th October.
Oct. 15 . . .	40,000	0	At 6 to 22nd October.
			Continued 20,000*l.* at 5 to 23rd Sept.
Oct. 16 . . .	40,000	0	At 6 to 22nd October.
			Continued 10,000*l.* at 5 to 23rd Sept.
			Continued 30,000*l.* at 5 to 29th Sept.
	£80,000	0	
Oct. 31 . . .	10,000	0	At 4 to 2nd November.
Nov. 6 . . .	5,000	0	At 7 to 8th November.
Nov. 25 . . .	15,000	0	At 7 to 27th November.
Nov. 26 . . .	5,000	0	At 7 to 27th November.
Nov. 30 . . .	10,000	0	At 7 to 4th December.

4711. You have stated that it is the usual practice when a loan has been made on Exchequer Bills for short periods to renew the loan from time to time, and that appears to have been the course of your transactions?—Yes, exceedingly common.

4712. What is the longest usual period in the first instance for a loan on Exchequer Bills?—My house has never lent for a longer period than from one Consol account to another, which will be six or seven weeks.

4713. Loans for that period are by the general practice renewable?—If it suits the convenience of both parties.

4714. It is not unusual for such loans to be renewed?—No, as appears by my account with Mr. Simon.

4715. If an account of that sort on Exchequer Bills were so renewed from time to time, till at last the loan extended to a considerable period, would it not appear after a time a singular transaction, as it regarded the borrower having regard to that which he would have paid, if he had made up his mind in the first instance to sell the bills?—No, it would not have struck me as extraordinary.

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4716. Do you distinguish between the case of a loan for six weeks renewed, or a loan for a lengthened period in the first instance—say six months?—It is difficult to answer that, for one cannot get out of one's mind the prophesying after the event on the subject of Exchequer Bills, but if they had come to me and borrowed of me money for three months, when the period of the three months came round if the party had come and asked me to continue the loan for three months longer, I do not think it would have excited my suspicion.

4717. Do you think six months at first would have excited your suspicion?—No, I think not; I have cases in my mind where parties have borrowed money for six months, and then continued it for another six months. A person may say such an individual has sold an estate for 100,000*l.*, and such another has bought it; he is not an unwilling buyer, but the lawyers have great difficulties in the title, and I have known instances where the vendee, anxious to get the control of the estate, proposed to the vendor that the amount of the money shall be invested in Exchequer Bills and handed to the vendor, and be immediately attorn; but that the purchaser should be entitled to the rents of the estate and take the management of it, and the vendor hold the Exchequer Bills, he taking the interest of the Exchequer Bills and the other taking the rents of the estate. I have always thought that the vendor who held the Exchequer Bills would be at liberty to borrow money upon those Exchequer Bills, but perhaps not to sell them.

4718. That would be of course in its nature an insulated transaction?—Yes.

4719. That would not apply to a case of a continued course of dealing to which your account refers?—Yes, because there are many large banking houses which always hold a very large amount in Exchequer Bills; but Exchequer Bills they never sell; they borrow money upon them as their necessities require, but they never sell an Exchequer Bill. It is currently reported that the house of Messrs. Smith, Payne, and Smith never hold less than 800,000*l.* in Exchequer Bills; that if their till requires replenishing they borrow money on Exchequer Bills, but never sell them. When I look at the accounts of those two houses, Cole and Mullens and Ellis and Tucker, it is singular how they should find it worth their while to give me such an amount of interest, but for that reason.

4720. Did you conceive that Morgan was concerned for any bank?—Most assuredly I did conceive he was acting for a bank and bankers, and I would say distinctly, if the whole of my transactions with Morgan, from beginning to end, were laid before practical men of business they would say there is nothing in this account to distinguish it from the ordinary working of a banker's till, who, when he wants money, borrows on Exchequer Bills, and when he has got money pays them off, and my dealings with Morgan were these,—when money was scarce during the shutting of the stocks his borrowings generally increased; when money became abundant, by the issuing of the dividends and loans, they generally became reduced, and in many instances the account closed by Mr. Morgan lending to us large sums of money. If it were possible I could find a set of men who knew nothing of what had taken place, I would lay my account before them fairly, and ask them, Is there anything in this but the ordinary working of a banker's till? and I think they would say, no.

4721. Are you to be understood that you would consider a loan for six months on Exchequer Bills, at 5 per cent., out of the usual course?—In my business I should.

4722. Would you consider that a singular transaction on the part of the borrower?—I cannot say; I have never done such a transaction: it would all in my mind depend on who was the borrower.

4723. How would it depend on who was the borrower?—Supposing it were a man in whom I had full confidence, a man whom I believed to be representing capitalists, bankers, or others, I should, in all human probability, have made the loan, though I have never done so?

4724. Would you have made it without requiring any explanation of him?—Decidedly I should do it or not do it, without asking any explanation. I should ask no explanation, provided it was a man in whom I had faith and credit, and whose position in the market was such as to cause him to be believed to be the representative of capitalists.

4725. Would you have done that for Mr. Morgan if he had applied?—Really I cannot say; I was never placed in that position with any human being. I cannot say at this moment what I should have done with a particular individual.

4726. Mr. Scott obtained 3000*l.* from you on bills. Supposing Scott had got those from De Berckem, could De Berckem himself have raised that 3000*l.* of you?—I had ceased to deal with De Berckem.

4727. Since what time had you ceased?—I think for about two years.

4728. Under what circumstances did you cease to deal with De Berckem?—My partner had dealt with De Berckem, I forget in what year, but Mr. Harrison can tell the date; we have had considerable dealings with De Berckem. I recollect my brother one day in the counting-house saying, that De Berckem was doing a very large speculative business in the Stock Exchange, that our account with him was heavy, and that he should ask him who his principals were. I understood him to say he had asked De Berckem who his principals were, and in consequence of what passed we ceased to deal with De Berckem; there was no reason for our continuing to deal with any person with whom we were not perfectly satisfied.

4729. What led you to take that course?—There was nothing with me individually, it was with my brother. I have brought with me an account of our dealings with Scott.

The same was delivered in and read as follows:—

Examinatio

R. Hichens, 14th June, 1842.

TABLE, containing an Account of Three Exchequer Bills of £1000 each, showing the Numbers of the Bills, and the Dates on which they were deposited with R. and W. Hichens and Harrison, by Mr. J. W. Scott, as Security for a Loan of £3000; the Terms of such Loan, Rate of Interest, and Name of present Holder or Claimant.

Numbers.	Amount.	Date of Deposit.	Time.	Rate. of Interest.	Present Claimant and Holder.
8304 — 5 — 6	3 | 3,000	21st October, 1841, for loan of 3000*l.*, until 26th October, 1841	5 days . .	5 per cent. .	Hichens and Harrison.

4730. You never called on Morgan for any kind of explanation, or thought it necessary?—No, there was nothing in his account to induce us to believe there was anything wrong. We had entire confidence in him.

4731. Did Morgan ever apply to substitute new bills for others, except at the period of an advertisement?—I cannot say, that did not come under my control.

4732. Since the discovery that these bills were forged, what communications have taken place between you and Morgan?—This is a copy of our letter to Morgan, and this is the original of his answer to us, (*delivering in the same,*) and on every loan becoming due after the discovery, we made a formal demand by our second clerk, George Fournier.

The letters were read as follows :—

"SIR, "Great Winchester-street, 31st December, 1841.

"BY the desire of Messrs. R. and W. Hichens and Harrison we enclose you their account, with interest, to this day. You will observe the balance of principal due to them in respect of the loan of 49,500*l.* made to you on the 14th October last upon the Exchequer Bills which have been impounded by the Lords of the Treasury is 48,989*l.* 5*s.* 11*d.*, and the interest due thereon is 527*l.* 5*s.* 11*d.*, and for these two sums we are instructed to call upon you for payment or security. In the present state of the Exchequer Bill question Messrs. R. and W. Hichens and Harrison are disposed to afford you every accommodation they can consistently, but they understand that an action has been brought against you by Messrs. Coutts and Co. for the recovery of a large sum borrowed by you from them on Exchequer Bills, which have been likewise detained by the Treasury, and Messrs. R. and W. Hichens and Harrison cannot allow Messrs. Coutts and Co. to obtain a priority in payment to their prejudice, and we shall be glad therefore to be informed, without delay, what arrangement you propose for placing Messrs. Hichens and Co. in the same position as Messrs. Coutts and Co.

"We are, &c.,
"BAXENDALE, TATHAM, UPTON & JOHNSON."

"*E. L. Morgan, Esq.*"

"Mr. E. L. Morgan.

"To Messrs. R. and W. Hichens and Harrison.

"1841.

				£.	*s.*	*d.*
"Dr. Oct. 14. £20,000 10,000 19,500	at 5	to 31 Dec.,	78 days	528	18	1
"Cr. Dec. 8 "£500 Exchequer sold	510 14 1	23	. . . . .	1	12	2
"Bal. £48,989 5 11				£527	5	11

"GENTLEMEN, "18, Bedford Row, 3rd January, 1842.

"MR. E. L. MORGAN has placed in my hands your letter of the 31st ultimo.

"In reply to that letter I beg to inform you that Messrs. Coutts and Co. have commenced an action against Messrs. William and James Morgan, jointly with another party, to recover a sum of money advanced by them to Messrs. W. and J. Morgan, on the deposit of Exchequer Bills impounded by the Lords of the Treasury; and in support of that action have filed a Bill of Discovery, the object being, it is presumed, to make liable the third party. To that bill the defendants have appeared, but have not yet put in their answers.

"Mr. E. L. Morgan is however no party to the suit, and no action has been commenced against him for the recovery of any sum of money advanced on the deposit of any of the impounded bills. I have further to add, that no priority shall be obtained over other creditors by Messrs. Coutts and Co., by the course they have thought proper to adopt.

"I am, Gentlemen,
"Your most obedient servant,
"CHARLES MORGAN."

"*Messrs. Baxendale and Co.*

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R. Hichens, Esq.
14th June, 1842.

4733. Have you received any communication from Morgan subsequently to this answer of the 3rd of January, 1842?—No.

4734. No further communication has taken place between you?—No.

4735. Did you ever call upon him to name his principal since the discovery of the fraud?—Whether I demanded it, or whether he told me, I cannot tell; but at the time when he brought those 5000*l.* Exchequer Bills to be taken up and tested, which weighed upon my mind that he could have no suspicion that the Exchequer Bills were forged, or he would not have brought other bills. He said they were persons of the first respectability, and that if those were good, they were all good. Subsequently I heard from him, either by asking him, or his saying to me that it was from Solari; he stated that the business was done by them for Madame Solari, the Executrix of Solari deceaeed, and that Rapallo was Madame Solari's agent with reference to all the Exchequer Bills, as I uuderstood; alluding, as I presumed, to mine and others also.

4736. You stated that he brought 5000*l.* to you in his pocket; did he know at that time that you were going up to the Exchequer Office?—I presume not. We had not gone to him, but he came into the office and said, "Good God! have you heard this horrible report," and so on.

4737. How came he to bring those 5000*l.* to you, unless he knew you were going up to the Exchequer Bill Office?—That I cannot say.

4738. Was any other person present at the time Morgan brought you those 5000*l.* bills?—I believe one, or both of my partners.

Mr. *Frederick Harrison* further examined.

Mr. F. Harrison.

4739. Can you state what has been the highest rate of interest you have at any time taken from Morgan and Co.?—8 per cent.

4740. For what period of time was that?—I cannot say from recollection, but I should say for a short period, perhaps a week or ten days; it is possible it may have been continued on for a longer period.

4741. Can you give the date?—I find in the account before me one loan for the period of a month, in 1839, September the 30th to October the 30th, at 8 per cent. The Commissioners will find a parallel case in the paper delivered in this morning of loans to Messrs. Cole and Mullens, to whom there was a loan of 80,000*l.* on Exchequer Bills from the 29th of August to the 5th and 6th of September, at 8 per cent., and on the 27th of September 11,000*l.* to the 1st of October at 8 per cent., continued at 9 per cent. 5000*l.* to the following day, and 6000*l.* continued again at 8 per cent. to the following day.

4742. The statement from which you are making these extracts has been made up from your books by you?—Yes.

4743. It is accurate?—Yes, our books are all here, and our clerk is here to verify the account by his examination, if it is desired.

4744. Were you the party who, in many instances, made the bargain with Morgan?—Yes, in many instances, on the bills we now hold; I should say Mr. William Hichen's being out of town or unwell, in three-fourths of those instances I made the bargains.

4745. There was no writing passed, but the transactions were entered in your books in the usual course?—Yes.

4746. Were any terms stated as between you and Morgan beyond the amount to be lent, the period of the loan, and the rate per cent.?—None whatever.

4747. There were no stipulations as to the nature of the loan distinguishing it from others?—None whatever.

4748. You had formerly dealings with Mr. De Berckem?—We had.

4749. When were those discontinued?—I think they were discontinued in the year 1839, either at the close of November or the beginning of December.

4750. What led to your closing your transactions with him?—It is a difficult thing to say exactly, the account had got very large and remained undiminished for some time. I have an impression that he applied for a further borrowing, and I think I had heard from other persons that he was borrowing largely on Exchequer Bills, and at the same time carrying on a large account in Spanish stock, that led to the first suspicion or rather the first desire on our parts to satisfy our minds.

4751. Do you refer to his speculative dealings in the Spanish stock market?—Yes, as one cause, the person carrying on notoriously very large transactions and engaged in large loan transactions on Exchequer Bills.

4752. Was Mr. Morgan engaged in large transactions in the Spanish market?—To a limited amount, but not like Mr. De Berckem; it was known to every one who went in there we had nothing to do with dealings of that kind in the Spanish stock market, except buying and selling for money.

4753. Did you ever hear of a transaction of De Berckem, in which he made search after Exchequer Bills which he had deposited?—Yes, in one case with ourselves; we had deposited two bills with one party, and when they were returned I said, "They are not our bills." It appears they had been sold, through the Bank of England, for that parties' account, and De Berckem wished to have them back, and ultimately they were got back.

4754. He had not been contented with the bills given to him in lieu of the original bills?—No; I asked him whether he was satisfied with the bills, and he said no, he must have his

own bills; we said they had been sold, and he replied that the party, who was in Paris, had written over to say he must have his own bills.

4755. Was there anything in this transaction that excited your suspicion?—Not at all; we have had cases where parties have refused to pay us the loan on the particular day, unless we gave them their identical bills.

4756. Persons not connected with the transactions in question?—Certainly not, but there was a greater anxiety to recover those bills, perhaps, than many persons when the transaction was explained to them would have made. I said, "I have had nothing to do with it; I have not sold the bills; I must refer you to the parties; I merely stand between you and them."

4757. Have you known of other persons complaining of their own bills not being returned to them?—I have had repeated transactions where the person with whom we had pledged the bills has not come to town, and I have said to the party, "I have not got your bills, the party is not in town, I will give you others;" but they have refused to pay us the money unless they had their own bills back; it is generally understood that each party is to have his own bills back again.

4758. It was not in reference to this that you discontinued your dealings with him at all?—No; it might have had some influence upon us; I think that transaction took place three months preceding.

4759. Do you recollect whether you made him any advance after that?—Yes, I think we did; I think there were some advances after that. When we asked Mr. De Berckem to state to us who it was for he said he was not going to have his connexions filched away from him in that kind of way, that if we did not like it he would pay us the sums as they became due and close the account, which was done.

4760. If De Berckem had applied to you for the loan you made to Morgan, should you have done it?—No, having closed the account, I should not have opened it again. When we had dealings with Mr. De Berckem, he was in partnership with Mr. Pritchett.

4761. Did it happen that Morgan at any time took away Exchequer Bills at other periods besides those advertised by Government?—I should say several times; generally speaking we might have given the bills, or said, "Do you want any particular numbers of bills? or given those which were most ready at hand.

4762. Did it occur that he has applied to you to take away bills and to deposit others?—Very probably, but I cannot call to mind any particular transaction of the kind.

4763. Would he apply to take away securities and lodge other kinds of securities?—If we had lent him money on Exchequer Bills we should not have taken any other kind of security, unless it was quite as pleasant to us.

4764. Were you present when Mr. Morgan called on Mr. Hichens and offered the 5000*l.* bills to be examined?—I was; I am not sure whether Mr. Morgan brought the bills with him when he came in, or said he should bring us some bills to take up with our own.

4765. Was their examination at the Exchequer office proposed by him?—Proposed by him exclusively.

4766. Prior to his coming to your office, had Mr. Hichens determined to take up bills to be examined?—No, he had not, it was suggested to us first of all by Mr. Morgan, at least that is my impression.

4767. State, as nearly as you can recollect, what passed upon the subject?—Mr. Morgan came in, and, as he came in, he said, "Well, have you heard this rumour about the forged bills? we have a large amount, you can soon be satisfied about ours; I have got or will bring you 5000*l.* which belong to the same party, because you may not have your's at hand, they may be out on deposit." I said, "I believe there are 1500*l.* lying in the box." He said, "If you will go up and see that they are right that will soon set the matter at rest." The interview was not long. My own impression is, that he had not the bills in his hand at that time, but that he went out and brought them soon afterwards; but I cannot be certain on that point,

4768. You ultimately took up one of your own bills besides the 5000*l.* he brought to you?—Yes, we took up the 1500*l.* as well, and the 3000*l.* deposited with us by J. W. Scott.

4769. Did he know you proposed that?—He said, "You can take up any others you have at hand." His object in bringing those bills, I apprehend, was that he supposed that, as we might deposit them with other parties, we might not have those he had deposited in the office.

4770. Were you present at any offer made by him to give you Spanish stock in lieu of Exchequer Bills?—Yes. I was present on the morning when Mr. Edward Morgan came in with his father. I think that was about the 18th or 19th of October.

4771. Was anybody present besides yourself and Mr. Robert Hichens?—No, I think not.

4772. Will you state what passed upon that occasion?—He alluded to some paragraph which had appeared in the newspaper, and stated that it was a scandalous thing such things going on, that the men who had Exchequer Bills should not be able to borrow money upon them. He talked a great deal about it, the whole of which I cannot recollect, and he then got up and said, "I can only say if you do not like Exchequer I can give you Spanish stock with 20 per cent. cover."

4773. Had you said that you did not like Exchequer?—No. But he said, "If you do not like Exchequer, I can give you Spanish stock with 20 per cent. cover." Mr. Hichens said, "We never lend on Spanish as you very well know."

Mr. *Hichens.* I believe his expression was, "Will you like Spanish stock?"

Mr. *Harrison.* I believe those were the words.

4774. At that period had any rumour of forgery reached you?—No.

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Mr. F. Harrison.
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4775. Had you expressed any suspicion of forgery to him?—Not the least.

4776. Do you recollect what had appeared in the newspaper to which he referred?—He referred to something which had appeared in the newspaper respecting the rate of interest.

4777. Was that so early as the 18th or 19th?—I cannot recollect the precise date: it was immediately on the paragraph appearing in the newspaper on that subject.

4778. Was your profit confined to a half per cent.?—We got what we could; sometimes it was a half per cent. on the wrong side.

Mr. *Hichens.* If we had made a half per cent., it would have been 20,000*l.* a-year from the extent of our transactions.

Mr. *Harrison.* Persons do not make a price in money as they do in stock. A half per cent. is what is considered the turn of the market on the current period. In every transaction I do I become the principal, and when a jobber applies to me to borrow 10,000*l.*, the rate of money may be 3½ to 4 per cent. I say I will lend the money at 4 per cent.; the rate of money may vary in half an hour after that and I may get more or get less. Where a person has been the go-between and has been employed to get money for a particular party, he goes and inquires of his friend at what he can get money; he says "I will lend you so much at 4 per cent." and he lends it simultaneously to another.

Mr. *Hichens.* There are a certain class of persons in our market. A broker who lends the money for a principal is precisely in that situation. If they say "We have 200,000*l.* you may lend." If he lends that to us at 4 per cent. he pays 3½.

4779. That person is employed by the ultimate lender?—Yes. There are many in that way, but we never did so; we are a common reservoir, but many of the brokers employed are brokers to lend their money, allowing them a half per cent. for guaranteeing the transaction. We are to a certain degree bankers giving interest and security.

Mr. *Harrison.* There is no business in the Stock Exchange precisely like ours; there are persons who deal in money to a certain extent, but it is our special business to do so.

4780. Up to what time has interest been paid to you by Morgan upon the loans in 1841 of which you have given an account?—There was a settlement up to the 14th of October on every transaction of interest.

Mr. *Hichens.*—He owes us only the 49,000*l.* and the interest accruing since the 14th of October.

4781. (*To* Mr. *Harrison.*) With reference to the account put in on a former day, in what way were the advances made?—The advances were all by cheque, with the exception of an advance of July 14th, 1841, of 13,000*l.*, which was in Bank notes.

4782. Have you the numbers of those notes?—Yes; they are entered, and there is another exception of 500*l.* which was paid in an Exchequer Bill which has gone in to the Exchequer and been paid.

Mr. Hichens.

Mr. *Hichens.* I would wish to make a statement with reference to the dealings of our house with Mr. Morgan: those dealings commenced in 1835, when during the months of September and October we had two or three insignificant transactions. Our first transaction in 1836 took place in June, when we borrowed of him a sum of 20,000*l.* An interval of six or seven weeks then occurred, when on the 29th of August we lent him on that day, and during the ensuing fortnight, the sum of 43,500*l.*, 15,500*l.* of which was repaid within three days, 18,000*l.* more within a week, and the remaining 10,000*l.* in three weeks; thus repaying the whole sum within a month. In November we lent him 8,500*l.* which was repaid within a week. He then lent to us 10,000*l.* on the 24th of November which was repaid the 26th. Again, he lent to us 10,000*l.* on the 16th of December, which was repaid the 17th and 20th. Again he lent to us 10,000*l.* on the 4th of January, 1837, which was repaid on the 6th of January. Again, he lent to us 9,000*l.* on the 16th of January, which was repaid the 18th. Again he lent to us 25,000*l.* on the 23d of February, which was repaid the 3d of March. So that for four months the only transactions we had with Mr. Morgan were those of borrowing of him. Between March and September of this year we had several transactions, chiefly of small amount and generally for a few days, and in September we lent to him 24,000*l.* which was all repaid within a week. The ensuing fortnight we lent him 14,000*l.* which was again repaid in eleven days. From the 17th of October to the 14th of November we lent him 35,000*l.*, 20,000*l.* of which was repaid within a fortnight, and the balance on the 27th of December. In 1838 our transactions commenced by our again borrowing 10,000*l.* of Mr. Morgan on the 8th of January, two months after which, the 8th of March, we lent him 20,000*l.* 15,000*l.* of which was repaid on the 10th of April. Between this date and the 17th of May we lent him several sums, the whole of which were repaid on the 29th of May. We had no further dealings until the 6th of September, except that he lent us 5000*l.* on 31st May, and we lent him 8000*l.* on 5th June until 17th July; and as a period of three years has now elapsed since the commencement, it will be of importance to pause for a moment, and to take a short review of the past. It appears that during these three years we had frequently lent Mr. Morgan very considerable sums; as much at one period as 43,500*l.* That this loan, as well as all others, were repaid with punctuality; were generally for short periods, and that considerable intervals frequently occurred between the borrowings. On the other hand, we had repeatedly borrowed of him considerable sums, on one occasion as much as 20,000*l.*, and on another 25,000*l.* The Commissioners are of course aware that there are periodical dates on the Stock Exchange at which money is scarce. His borrowings were generally during the shutting of the Stocks; his repayments and his lendings to us generally about the time of the payment of the dividends. The only inference, therefore, to be drawn from these dealings was, that Mr. Morgan was employed by persons of wealth who held Exchequer Bills, upon which they borrowed whenever they had occasion to do so, and had the means of repaying

without resorting to a sale of their Bills. And further that they had frequently surplus money to lend. Nothing, consequently, could be more calculated to inspire confidence and establish credit. In 1838, September the 6th: at this date, and during the ensuing month, we lent Mr. Morgan as much as 34,000*l.*, repayments occasionally taking place in the course of it. 12,000*l.* was immediately paid off, after which the account continued increasing from the 15th of October to the 24th of December, when it again reached 34,000*l.*; these loans, in the course of a month, viz., by the end of January, 1839, were all repaid. On the 30th of January, 1839, we again lent him 10,000*l.* It remained in this state about three weeks, when it again increased to 31,000*l.*, which sum was all paid off in three weeks, except the small sum of 4000*l.* (date 13th March), increased in 15 days to 33,500*l.*, and three days after again reduced to 14,000*l.* Amounted again, the 9th of May, to 41,000*l.*, and in the course of a month, viz., by the 10th of June, the whole 41,000*l.* was settled, except 4000*l.* It remained undisturbed for the next five weeks, when, on the 17th July, new borrowings took place, making it 13,000*l.*, remained again a month at this sum until August, at which time the Bank raised its rate to 6 per cent., and on the 22nd of this month it was 28,000*l.*

4783. That is the only period at which the Bank appears to have lent at 6 per cent.?—Yes, 10,000*l.* of this 28,000*l.* was repaid on the following day. It fluctuated during the next month, rising to 26,000*l.*, and falling to 14,000*l.* by October the 1st. If our parallel dealings are referred to it will appear that they were considerable at that period because the Bank would not take in Exchequer Bills; we could not go to the Bank to get money on Exchequer Bills.

4784. Does the rate at which the Bank lend on Exchequer Bills when the books are closed determine the rate of interest on the Stock Exchange on that security?—To a certain degree, but not absolutely, because the loans of the Bank are burthened with other conditions; they will not lend the money for a less period than 10 days; they will only lend it up to a certain period, generally a few days after the dividends come out, and the loans made by the Bank must be redeemed by Bank notes and not by cheque.

4785. Will they not permit a redemption by cheque on themselves?—No.

4786. Are the Bank particular as to the credit of the customer?—I believe in taking in a deposit of Exchequer Bills that the Bank look to the Bill and not to the borrower.

4787. If the person has failed to redeem at the proper time they will not admit of a second transaction?—Certainly not.

4788. Is there a greater strictness in the Bank than in the Stock Exchange upon that subject?—The Bank do not run a risk because they do not part with the pledge without Bank notes for both principal and interest; but the rules of the Stock Exchange in dealing with any person are somewhat different. Suppose I sold 20,000*l.* Consols, to be delivered to day at any time prior to 11 o'clock, I can san say to the buyer, I require to be paid in Bank notes, that is, if I have any doubt of the man, and I must be paid in Bank notes. With regard to the Exchequer Bills I have of course likewise power; but there has always been in dealing in Exchequer Bills in the Stock Exchange a less degree of anxiety than in dealing in stock as to the wealth of the person with whom we were dealing, because by the rules of the Stock Exchange I can demand to be paid in Bank notes. Now mark the difference as to a loan between a bargain in Consols and a bargain in Exchequer: by the rule of the house, if I give notice that I will be paid in Bank notes and not take a man's cheque, he is bound to give me Bank notes upon my delivering to him the transfer receipt, that is, I part with my property before I get my Bank notes, and as it frequently happens that the stock is transferred not into the name of the purchaser, but into the name of his nominee, provided he has not the notes to give me I should have parted with my property without, as I suppose, the power of getting it back in case the nominee had paid him (the purchaser) the value of the stock; but with regard to Exchequer Bills, I do not give up the Exchequer Bills, but I hold them until I have the Bank notes; I take the Bank notes with my left hand before I give away the Exchequer Bills with my right.

4789. Would a person whose credit and character were respectable find any difficulty at any time when the stocks were closed in obtaining a loan at the Bank of 10,000*l.* on Exchequer Bills at the current rate of interest?—No.

4790. Then would such a person have a reason for preferring to give a higher rate of interest on the Stock Exchange?—Yes; very few bankers would like to go to the Bank to borrow money on Exchequer Bills, they would sooner borrow the money of me or any money dealer rather than go to the Bank Directors to show the shortness of their till; there are many persons who would rather go and give Overend and Gurney 7 or 8 per cent. than go to the Bank to borrow. I have stated that our account with Mr. Morgan fluctuated during the month of September, 1839, rising to 26,000*l.* and falling to 14,000*l.* by the 1st of October. It here rested for a month, and from the end of October to the end of November rose to 32,000*l.*, remaining nearly steady during December (when the stocks were shut and the Bank did not lend on Exchequer Bills); and in January, 1840, after the payment of dividends, was rapidly paid off, being, on the 31st of January, only 3000*l.* The account remained in this state for about six weeks, when it again increased by the 16th of March, during the shutting of the stocks, to 18,000*l.*; it was speedily reduced to 8000*l.*, and with trifling transactions of single sums of 1000*l.* each, was wholly paid off the 16th of July after payment of the dividends. The account remained closed until the 31st of July, when we again lent him 8000*l.* for a few days; this was repaid, and Mr. Morgan then turned the account by lending to us on the 18th of August the sum of 7000*l.* I mention these facts to show that it was not only a loan on Exchequer Bills continued from time to time, but that there were many occasions on which the balance was the other way, Morgan being lender to us as well as borrower of us. This brings me to another period of about two years, and on examination it appears

Examinations.

Mr. Hichens.

14th June, 1842.

Memorandum.	
1838.	
Sept. 6 .	Nil.
Oct. 10 .	£34,000
1839.	
Jan. 31 .	Paid off.
Jan. 30 .	10,000
March 13 .	4,000
March 28 .	33,500
April 3 .	14,000
May 9 .	41,000
June 10 .	4,000
Aug. 22 .	28,000
Sept. 27 .	13,000
Nov. 29 .	32,000
1840.	
Jan. 31 .	3,000
March 16 .	18,000
May 29 .	8,000
July 16 .	Nil.

that although the account during the last 18 months was never actually wholly paid off, it was so frequently reduced to small sums, such as 3000*l.* or 4000*l.*, that it may be said to have been virtually closed; and from the constant rise and fall, it could only be inferred (an inference greatly strengthened by the dealings of the three preceding years), that the borrowings were for parties who had frequent unexpected demands upon them, and who supplied those demands by borrowing upon their Exchequer Bills. It will be observed also that when the loans had amountd to a large sum it was not long before they were reduced, and sometimes rapidly; generally continuing for the longest time a large amounts towards the close of the year, the re-payments on most occasions taking place about the times of the payments of the dividends. The money market also was for a great portion of this time in a more unsettled state than was ever known, the Bank having raised their rate to 5½ and 6 per cent., refusing, during the continuance of that rate, to lend at all upon Exchequer Bills. The account after August, 1840, remained closed for about a month, when Mr. Morgan again became a borrower, and by the end of September we had lent him 17,000*l.*; by the end of October, 39,000*l.*; and by the 13th of November, in all 43,000*l.*, 20,000*l.* of which was repaid in 10 days. On the 2nd of December, it again amounted to 38,000*l.*; and on the 15th of January, 1841, to 48,500*l.* From this date the repayments rapidly took place, and by the 20th of March, the advance was reduced to 18,500*l.*, and this sum was repaid by the 15th of April; after which, Mr. Morgan again lent us 10,000*l.* We have here another close of the account after a period of seven months, closing, as on every previous occasion, by Mr. Morgan lending us money. I dwell upon this, because the appearances of the account with Mr. Morgan were such as to induce us to believe that we were perfectly secure in dealing with him. A month again elapsed before any fresh transaction occurred; the existing account commencing on the 13th of May, as already shown to the Commissioners.

4791. It appears that Messrs. Hoare are the holders of 24,000*l.* Exchequer Bills deposited by you, are they on the account between you and them, entitled to the whole of the principal?—No, a portion of the securities given to Messrs. Hoare was in Stock, and a portion was in Exchequer Bills. Upon the Stock transferred as a security, 5 per cent. extra cover was given. When the day of repayment came, Messrs. Hoare and Co. claimed to have from me the value which the Stock, if sold, would have produced in the market, it being a portion of their security which they had a right to realize. The Stock so sold realized more than the amount for which it was pledged, and of course, as is but just, they took that. I cannot state the exact amount at the moment.

4792. (*To* Mr. *Harrison.*) Do you know the balance due to Messrs. Hoare on the transaction which has been referred to?—The balance on the settlement of our account on the 25th of November was 21,804*l.* 11*s.* 7*d.*

4793. That is still the sum due to them?—Yes, with the accruing interest at 3 per cent.; the interest was settled to the 25th of November.

4794. What is the state of the account with the London Joint Stock Bank?—The balance due to them on the 31st of December was 16,823*l.* 1*s.* 2*d.*, that included the interest up to that date; that is still due with interest from the 31st December, at 5 per cent.

4795. Suppose that Messrs. Hoare got 24,000*l.* good Exchequer Bills, for what amount would they have to account to you?—2195*l.* 8*s.* 5*d.*

4796. If you take the account of interest, from what date would that be calculated?—The 25th of November.

4797. What would be the balance due to you from the London Joint Stock Bank if they received 18,000*l.* good Exchequer Bills?—1176*l.* 18*s.* 10*d.*, and the interest would have to be calculated from the 31st of December.

4798. How would the account stand as between you and Mr. Margrave?—1000*l.* is still due with interest from the 25th of November.

[*The Witnesses withdrew.*]

Mr. *Robert Rusk* sworn and examined.

Mr. R. Rusk.

4799. You are clerk to Messrs. Hichen and Harrison?—I am.

4800. Have you prepared, or examined a tabular statement which has been put into this Commission, (*the accounts produced on a former day being shown to the Witness.*)—I went through those accounts with Mr. Harrison, and found them perfectly correct. (*The accounts produced this morning were shown to the Witness.*) These, also, I can speak to as correct. I have examined them all.

4801. Will you refer also to that paper relating to the transaction with Scott?—I have compared that with the books, and find it to be correct. I was out of town when the transaction occurred.

4802. There appears to be one transaction of 13,000*l.* which was paid in Bank notes?—I have here the numbers of the notes, the parties of whom they were received, and to whom they were delivered. It appears by this entry, which I know to be correct, that Bank notes

of the following numbers, 37,617, 39,063, 36,982, 41,630, 39,624, 40,011, 65,063, 43,651, 43,652, 43,653, 43,654, 43,655, and 43,656 were delivered to Mr. Morgan, or to his clerk on the 14th of July, 1841.

4803. That is the only payment which appears to have been made in Bank notes?—Yes.

4804. How long have you been with Messrs. Hichens and Harrison?—Twenty-three years; ever since the year 1819.

4805. Do you keep their books?—Yes.

4806. From your knowledge of their books, can you state that the accounts which have been made out from their books give a correct account of the transactions of that house?—Certainly.

4807. Those are the books which have been produced to the Commissioners?—Yes.

[*The Witness withdrew.*]

Mr. *Benjamin Scott* further examined.

4808. Do you produce an account of Exchequer Bills, on which loans have been made by Sir James Shaw, the Chamberlain?—I do. (*producing the same.*)

4809. Did you make out this account yourself?—I did.

4810. Is it correct?—It is.

4811. It is a correct account of that which it professes to be?—It is. I have made it out from the accounts of my father, who is dead; the accounts which were produced to the Commissioners.

4812. The accounts are in his handwriting?—Yes; and I have checked it with the broker's contracts.

The same was read as follows:—(See Table, p. 289.)

Mr. *Scott*. Sir James Shaw stated that, to the best of his knowledge, only three bills had been exchanged of the bills deposited in his hands. I have discovered in making out the account that there have been other bills exchanged at the periodical exchanges.

4813. By whom were those exchanges made?—They were returned to the party to whom the loan was made; the broker called at the time the bills were due, and received them, and deposited other bills, which will appear in the account. All those loans were made by the Chamberlain to Mr. John Wray Scott, his broker; he attended with the bills when they were due, and placed others in our hands. Sir James was very desirous that I should make that statement.

[*The Witness withdrew.*]

Mr. *Samuel Amory* sworn and examined.

4814. You are solicitor for the Commercial Bank?—I am.

4815. Did they consult you with reference to taking their bills to the Exchequer Office?—They did.

4816. Did they act under your advice in not taking them up?—They did, and the reasons of their so doing were explained by letter to the Chancellor of the Exchequer and to the Lords of the Treasury, and by me to Lord Monteagle and to Mr. Maule.

4817. Did you afterwards, by their direction, make any application to Mr. De Berckem?—I did.

4818. Was that altogether in writing, or did you see him?—I saw him several times.

4819. Can you state the date of the first occasion on which you saw him?—The first time I saw Mr. De Berckem, in reference to this business, was on the 28th of October, 1841; but I ought to state that Mr. De Berckem is a client of mine as well as the Bank, and therefore I cannot positively state whether my attendance upon him on the 28th of October was in consequence of the direction of the Bank, or in consequence of his calling upon me.

4820. Did you apply to him on the part of the Bank for payment or for security?—We gave him notice of the objections that were made to the payment of the bills, and that led to an explanation of his circumstances.

4821. Was that on the 28th of October?—I am not certain of the date.

4822. Mr. Cutbill, in his evidence, states that Mr. De Berckem had made a statement to you on the subject of his affairs, and that it was thought not expedient to take proceedings against him?—That is quite correct.

4823. The Commissioners will be happy to hear from you any statement Mr. De Berckem made to you which you feel at liberty to detail, the position in which you stand as solicitor to both parties creating a difficulty in proposing questions to you?—In all my communications with both parties I am quite sure that all I know from either of them they would be most desirous that I should state.

4824. Did you put any questions to Mr. De Berckem relative to the extent of his dealings in Exchequer Bills?—I did.

4825. What did he state to you?—The result of my inquiry was that Exchequer Bills to an amount exceeding 100,000*l.* had passed through his hands, and that if he were liable to the Bank he would be, in like manner, liable to all those other persons to that extent; and that as his property was very inconsiderable, it was utterly impossible for him to make any payment of them, and that he was, therefore, disposed to withhold entering on the business until

Examinations.

Mr. S. Amory.

14th June, 1842.

the result of the proceedings upon the Exchequer Bills was known, and then should be willing ot submit himself to such course as would make a fair distribution of whatever little property he had to meet the claims which might come upon him.

4826. Have you means of knowing whether De Berckem was himself a man of property?—I believe not, certainly. I knew Mr. De Berckem's father, who was a man of great respectability, who was for many years a member of the Stock Exchange, in extensive business. I have known this gentleman, more or less, upwards of 16 years; and one circumstance occurs to my memory at this moment in fixing the date which gave me a good opinion of him. In 1825, when it may be recollected so deplorable a run took place on the banks in London, a house, which I have no difficulty in naming, Everett, Walker, and Co., with which Mr. De Berckem, sen., did business, were under the necessity of finding a confidential person to send down with 20,000*l.* or 30,000*l.* in gold to one of their branches in Yorkshire, and this gentleman, then a very young man, was selected to take charge of the money, and did so, and what he did was so satisfactory to one of the members of the firm, Mr. Joshua Walker, that he recommended him to a confidential situation in Brazil, under one of the mining companies of which Mr. Walker was the chairman.

4827. When he said that Exchequer Bills to the amount of 100,000*l.* had passed through his hands, and that if he was liable to the Bank he should be to all the other persons, did you understand him to assume that if he was liable on account of the bills deposited with the Commercial Bank being bad, the other bills would also necessarily be bad?—No; but at that moment there was a general doubt as to what Exchequer Bills were good and what were bad; nobody in the city had the slightest knowledge of what was a good bill and what was a bad one.

4828. He expressed an apprehension that he might be liable for the whole?—He expressed an apprehension that he might be liable to a great extent, and that he considered it the honest course to wait and see what was the event, that he might make a just appropriation of what little he had. I think he spoke of some 2000*l.*, or 3000*l.*, or 4000*l.*

4829. Are you able to state at all nearly what property he has?—I am not, except from his verbal statement.

4830. Did Mr. De Berckem at that time state to you from whom or in what manner those bills had come to him?—Yes, he stated that he received them from Mr. Mariner.

4831. The whole of them?—Yes, and that he knew Mr. Mariner alone in the transaction.

4832. Do you know Mr. Mariner?—I do. He is, or was, the secretary to one of those Brazilian mining companies whose office is next door to mine, and some of the directors of which are acquaintances of mine.

4833. Mr. Darvill has stated that he consulted you about sending up his bills?—He consulted me as a friend. He is a professional man, a young man of respectability at Windsor, and I have had business with him, and when this difficulty occurred he called upon me only in that capacity to ask my opinion. If he asked my advice I no doubt gave him the advice which I have given to the Commercial Bank, namely, not to part with them, in order to preserve the means of proving their identity. The propriety of that advice I still retain as strongly as I did when I gave it.

[*The Witness withdrew.*]

Adjourned till Thursday next at 11 *o'Clock.*

Statement of Exchequer Bills deposited with Sir James Shaw, Bart., Chamberlain, as Security for Advances, from 26th November, 1839, to 25th June, 1841, (exclusive of Bills remaining in the hands of the Chamberlain on the 21st October, 1841, a Statement of which Bills has been already laid before the Commission.)

Nos. of Bills.		Dates.	Amount Advanced.	When first Deposited.	For what Period.	Rate per Cent.	Continued					Loans Repaid.
7919 —20 —83 9224 to 9230	3/1000 7/1000	18 March 17 June	£10,000	26 Nov., 1839	14 days to 10 Dec.	£6½	to 24 Dec., at £6 per Cent.	to 7 Jan., 1840, at £6 per Cent.	to 21 Jan., at £5½ per Cent.	to 4 Feb., 1840, at £5 per Cent.	to 18 Feb, 1840, at £4 per Cent.	18 February, 1840.
7921 to 7927 8358 to 8360	10/1000	18 March	£10,000	19 Dec., 1839	14 days to 2 Jan. 1840.	£6	to 23 Jan., at £6 per Cent.	to 6 Feb., at £5 per Cent.	to 20 Feb., at £4 per Cent.	..	..	20 February, 1840.
2187 — 8 2193 to 2198	8/500	16 March	£4,000	8 May, 1840	2 months to 10 July.	£4	..	..	..	..	..	10 July, 1840.
7413 to 7417	5/1000	16 March	£6,000	14 May, 1840	1 month to 15 June.	£3¾	..	..	..	..	..	17 June, 1840.
9169, 17th June, exchanged 5th June, 1840, for 8101	1/1000	16 March										
5859 to 5863	5/1000	17 June	£5,000	18 Jan., 1841	14 days to 1 Feb. 1841.	£5	to 15 Feb., at £5 per Cent.	to 31 March, at £5 per Cent.	to 29 April, at £5 per Cent.	..	..	29 April, 1841.
5827 5846 — 7 — 8 5983	5/1000	17 June	5,000	1 Feb., 1840	14 days to 15 Feb.	£5	to 31 March, at £5 per Cent.	to 5 May, at £5 per Cent.	..	..	..	5 May, 1841.
7381 — 4 — 5 16 Mar. Exchanged for 5869 —70 — 1	3/1000	17 June	£5,000	9 Feb., 1841	14 days to 23 Feb.	£5	to 31 March, at £5 per Cent.	to 13 May, at £5 per Cent.	..	..	..	13 May, 1841.
5833 5984	2/1000	17 June										
5833 5855 5869 5870 — 1 Exchanged in June for 8437 to 8441	5/1000	17 June 15 March	£5,000	17 May, 1841	14 days to 31 May	£5	to 25 June at £5 per Cent.	..	..	..	..	25 June, 1841.

Chamberlain's Office, June 14th, 1842.

Benjamin Scott.

THURSDAY, 16th June, 1842.

The EARL of DEVON in the Chair.

Examinations.

Mr. J. W. Scott. 16th June, 1842.

Mr. *James William Scott* sworn and examined.

4834. You are manager of the Wilts and Dorset Bank at Salisbury?—I am at their chief office at Salisbury.

4835. Did you at any time receive from one of your customers a sum of money to be invested on the security of an Exchequer Bill through your bank?—I did.

4836. What was the sum, and from whom did you receive it?—1000*l.* from Mr. John Blake, of Ford, a village within two miles of Salisbury.

4837. Did you afterwards pay that money to any one?—I paid it through the London and Westminster Bank to my brother.

4838. Was the money you so paid the money of Mr. Blake?—It was.

4839. Do you know how that money was invested?—It was invested in an Exchequer Bill.

4840. Do you, of your own knowledge, know the number of that bill?—I do.

4841. What was the number?—Speaking from memory, No. 8380.

4842. Was the bill afterwards sent to you, or was it sent direct to Mr. Blake?—It was sent addressed to me.

4843. What became of it?—The following day I handed it over to Mr. Blake through the medium of our cashier.

4844. In what way was the payment of 1000*l.* made through the bank to your brother?—An order was given to our agents, the London and Westminster Bank, to pay Mr. J. W. Scott 1000*l.* upon his application, which 1000*l.* he drew on the 9th of October. That is the cheque that subsequently came down to Salisbury as our voucher (*producing the same*).

The same was read as follows:—

"*London, 9th October,* 1841.

"*London and Westminster Bank, Lothbury.*

"*Pay to self . . . . . or bearer One thousand pounds on account of Wilts and Dorset Bank, Salisbury.*

"£1000. J. W. SCOTT."

Mr. *Scott.* This is an account between the London and Westminster and the Wilts and Dorset Bank, in which there is an entry of the 1000*l.* as paid to the draft of J. W. Scott on the 9th of October, 1841.

(*The account was produced, and inspected by the Commissioners.*)

Mr. *Scott.* This is the ledger of the Wilts and Dorset Bank.

(*The ledger of the Wilts and Dorset Bank, containing an entry of the transaction in question, was produced and inspected by the Commissioners.*)

4845. Are you able to state what is due for principal and interest upon that bill?—I am not at this moment. A contract was sent to me, which I handed over to Mr. Blake.

4846. You are not aware whether any and what interest has been actually paid?—I am not.

[*The Witness withdrew.*]

Mr. *John Blake* sworn and examined.

Mr. J. Blake.

4847. Did you advance, through the Wilts and Dorset Bank, a sum of 1000*l.* in October last?—I did.

4848. Did you receive an Exchequer Bill as security for it?—I did.

4849. What was the number of the bill?—8380.

4850. Did you make any mark upon it by which you should know it again?—I did.

4851. Is that the bill? (*the bill, No.* 8380, *being shown to the Witness.*)—I believe it to be.

4852. The money advanced upon that bill was your money?—It was trust money advanced by me for my mother.

4853. Has any interest been paid upon the loan you made?—No.

4854. The whole interest from the time of the loan is now due to you as well as the principal money?—Yes.

[*The Witness withdrew.*]

Mr. *Francis Towneley De Berckem* sworn and examined.

Mr. F. T. De Berckem.

4855. If you have any wish to have professional assistance, the Commissioners will be happy to attend to your request?—I have not the smallest wish for assistance.

4856. It appears by the Schedule to the Act of Parliament, that 54 documents, purporting to be Exchequer Bills for 1000*l.* each, were at different times deposited with the officers of Government?—That was the fact.

4856*. Will you look at the documents now shown to you, and state whether you know them

to be the same bills?—I can identify them only by the numbers; but I deposited 54,000*l.* at the Treasury, and mentioned 3000*l.* of other bills as in the hands of Mr. Tomkins. I claim a lien upon the 3000*l.* to meet any expenses or liabilities which might occur in respect of interest. All those bills that are in the Schedule are right; they are the very numbers I delivered to the Treasury.

4857. What are the numbers of those in the hands of Tomkins?—Those will appear by my books, which are in the other room.

4858. Will you make your own statement as to the 54 Exchequer Bills now before you, and how they came into your possession?—Owing to what may be vulgarly termed a mare's nest on 2000*l.* bills, there was a stir in the newspapers with regard to Exchequer Bills; the consequence was, that there was a difficulty in raising money on Exchequer Bills for the purposes of business. I therefore sent to my party, Mr. Mariner, telling him I could not borrow any money on Exchequer Bills. The consequence was, he sent a further supply, probably in cheques and Bank notes, to the amount of 57,000*l.*, and I took some of those bills from the Bank of England. Mr. Maubert came to me one day, on a Saturday morning, and said there was something wrong with respect to Exchequer Bills, and asked me whether I would let him look at my book. I said, "With the greatest pleasure." He looked at my book, and said, "I advise you, as an old friend of your father's, immediately to go up to the Chancellor of the Exchequer, and tell him you have got those bills, and not give them up till he gives you leave." I had received the money to redeem some of those bills. I did not lend any money upon them. I went up, and from Saturday to Monday at 12 we discovered duplicate numbers, and then Mr. Beaumont Smith was arrested. As I had not lent any money on those bills, I left them in the hands of the Chancellor of the Exchequer.

4859. You say you redeemed those bills from the Bank of England?—A great many of them.

4860. Do you refer to the 54?—Yes, or a great majority of them. I always kept a certain number of bills in my own possession against the transactions my party had in stock. I did not choose to have a large quantity of stock open without security, but a great many of those bills were taken up from the Bank of England.

4861. Can you distinguish which of those were taken up from the Bank of England?—That will appear from a reference to my books; I cannot state the numbers or enter into the details without my books.

4862. From whom did you receive those which were in your possession?—From Mr. Mariner.

4863. Is Mr. Mariner the person whom you designate as your party?—Yes.

4864. For what purpose did Mr. Mariner give you those bills?—To take up foreign stock, such as Spanish, Columbian, Mexican, and those other stocks.

4865. Are you acquainted with the transaction by which those bills which were so taken up by you from the Bank had been deposited at the Bank?—Yes.

4866. Did that transaction pass through your hands?—Yes, a great part of it did.

4867. How had they been deposited at the Bank?—For a loan of money at 5 per cent.

4868. When was that loan made?—Four times a-year; the Bank lend money for six weeks, and any body coming with Exchequer Bills could always readily get Bank notes immediately. Sometimes when I was extremely busy in Spanish transactions on settling days, as I had a very large enormous business I used to employ other people to go to the Bank for me, and let them have a commission upon it; the commission was so trifling, it was hardly worth my while neglecting other business for it.

4869. Will you state who were the persons you so employed?—Sometimes Mr. Tomkins has borrowed money for me. Edward Meyer was another person, and once or twice, when I have been out of town, my own brother Henry.

4870. Did John Wray Scott borrow money for you?—And Scott also.

4871. Did Simonds ever borrow money for you?—He did.

4872. Nathan?—Never, I would not trust him.

4873. Levy?—Levy lent me money direct; he is a man who remains about the Stock Exchange for the purpose of employing money.

4874. Was Heseltine employed to borrow money for you?—Heseltine had 5,000*l.* bills one settling day, from day to day he could only restore me three, the next day he kept two, and I had to repay somebody else two; to oblige him he asked me to let the other two remain in his friend's possession.

4875. What was the day on which you so redeemed those bills from the Bank?—I think a day or two before I discovered the fraud.

4876. When was it you discovered the fraud?—The books will state that; I should say about the 18th or 19th of October, about the month of October.

4877. Was it before the 20th of October?—I should think it was before the 20th of October, about the 19th or 20th of October.

4878. Having so taken up those Exchequer Bills from the Bank, and having a certain quantity also in your own hands on the 19th or 20th of October, did you attempt to borrow money upon them at any time after that?—No, I put them into my banker's box at Robarts, Curtis, and Company's, or rather not in my banker's box, but in their possession.

4879. Can you tell at what time you received those bills from Mariner?—I cannot without my books.

4880. Can you by reference to your books?—My clerk can explain it all by reference to the books; the numbers and dates, and everything, is contained in the books.

4881. By reference to the books, can you or not speak to the facts?—I can speak to the fact by reference to my books, (*the Witness fetched his book.*) I find that it was on the 21st of October I received 13,000*l.* bills from the Bank of England, and deposited with Robarts,

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Curtis, and Company; and also on the 21st of October 10,000*l.* Exchequer Bills were received from the Bank of England, which are part of this parcel. Edward Meyer took up 20,000*l.* bills from the Bank, which he had borrowed on the 21st of October also, which were my bills. Then I find there were some in my box, 18,000*l.*, the bills taken on the 19th of October from Robarts's hands, and placed in my box. Then there are 8,000*l.* Exchequer Bills from Robarts, to my principal to Mr. Mariner, on the 16th of October. I never did any business for those parties without finding myself most amply and thoroughly secured.

4882. You have referred to 43,000*l.*, as received from the Bank; how did you procure the remainder of the 54,000*l.*?—I had some bills in my possession, which I kept as a collateral security.

4883. Can you state the numbers of those so in your possession, and what were the numbers of those taken from the Bank?—I question very much whether I could; my clerk could, but I fear I could not, for sometimes we remove those securities in the course of the day.

4884. The Commissioners wish to know how the 54,000*l.* Exchequer Bills, deposited by you on a certain day at the Treasury came into your possession?—I am very desirous to answer, but they are frequently exchanged in the course of the day. They all came into my possession at first deposited by Mr. Mariner.

4885. How did those bills come into your possession?—They were delivered to me by Mr. Mariner.

4886. When?—At various periods.

4887. In addition to the 54,000*l.* you deposited with the Treasury yourself, how many of the bills mentioned in the schedule of the Act of Parliament have passed through your hands and been negotiated by you?—I negotiated, independently of those I have deposited with the Chancellor of the Exchequer, 112,000*l.* The total number of bills I received from the 19th of September, 1840, to the 22nd of October, 1841, was 297,000*l.* I have here a statement of the bills which have passed through my hands.

4888. You know that to be accurate?—I know it to be accurate.

4889. It is accurate according to your books, and your books have been properly kept?—Yes.

The same was delivered in and read as follows:—

	£.		£.
Total number of bills received from 19 September, 1840, to 22 October, 1841	297,000	Total number of bills delivered from 19 September, 1840, to 22 October, 1841	216,000
Received prior to 19 September, 1840	88,000	Balance	169,000
	385,000		385,000
Balance as above	169,000	In the hands of—	
		The Chancellor of the Exchequer	16,000
		F. de Berckem	38,000
		Commercial Bank of London	11,000
		H. Tomkins (3000 free*)	7,000
		L. Levy	16,000
		W. Simonds	13,000
		S. Heseltine	2,000
		J. W. Scott	55,000
		Sold on account of H. Tomkins	11,000
			169,000

* On these 3000*l.* there is a lien on account of certain stock transactions that are still open.

4890. What do you mean by the expression "delivered?"—Delivered to various parties.

4891. Do you mean delivered to Mariner?—Yes. The three bills in the possession of Tomkins have been mentioned to the Chancellor of the Exchequer as being an addition to my bills. Mr. Tomkins has no claim upon them. The three bills in the possession of Tomkins are 6495 to 6497, and they are not in the schedule.

4892. Of the number in the schedule what have you negociated beyond the 54 of which you have spoken?—112.

4893. Besides those in the schedule, there are three bills now in the hands of Tomkins, to be added to that number?—Yes.

4894. Did all the bills to which you have referred, amounting to 169, come to you from Mariner?—They did.

4895. Who and what is Mariner?—Mr. Mariner is the Secretary of the National Brazilian Mining Company, and has been in the Stock Exchange a number of years formerly—a person I have known for upwards of 17 years—and is the Mr. Mariner who was at the Tonga Islands.

4896. You say he is secretary to a mining company?—Yes, the National Brazilian Company.

4897. Did you understand that the bills to this very large amount you received from him were his own property?—Certainly not. I considered him, according to the statement he

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gave to me, to be acting for an agent who was acting for parties in Madrid, Paris, and London, and that the parties employed other agents besides Mariner in the Stock Exchange.

4898. You understood that Mariner was acting as agent for a person who was employed by foreign parties?—Yes.

4899. Did he give you at that time the name of the agent?—The name of the agent who employed Mr. Mariner was Mr. Rapallo; at one time it was Mr. Solari.

4900. Did he give you the name?—I knew that he was acting for them.

4901. Did he give you that name?—I never would take that name; I would only have Mr. Mariner's name.

4902. Did you ever ask him for the name?—I knew the name.

4903. How did you know the name?—Because I met him constantly at Mr. Mariner's office, and Mr. Mariner has told me constantly that he was acting for Mr. Rapallo, and that also he had before acted for a Mr. Solari.

4904. Did he tell you that on your first transaction, or at what time did he tell you?—I really cannot tax my recollection; not on the first transaction most decidedly.

4905. Did he volunteer telling you that, or did you ask him?—He volunteered telling me.

4906. Was that on the occasion of any particular transaction which brings it to your recollection?—It must be three or four years ago.

4907. For the last three or four years you knew he was acting either for Rapallo or Solari?—For Rapallo latterly; for Solari I was not always so certain he acted for him.

4908. Did Rapallo act at all on his own account until Solari's death?—No; Solari handed over Mr. Rapallo as his confidential friend, to take any orders he might choose to give him, and he would be responsible for the amount.

4909. What was the first transaction, with reference to Exchequer Bills, you had with Mariner, and when?—I think it was in the year 1839.

4910. You may refer to any book which will furnish you with the date?—The book before does not give the date, for it begins later. My books are all here. (*The Witness's books were brought in.*) On reference to my book it appears that on the 3rd of June, 1839, I had 6000*l.* Exchequer Bills from Mr. Mariner.

4911. For what purpose were they deposited with you?—I borrowed money at the Bank of England upon them.

4912. Is that the first transaction you had with Mariner?—This is the first which appears in my book, and I believe it was the first.

4913. Was that soon after you entered into business?—Yes, I had not long come home from Brazil and commenced business.

4914. When did you enter into business?—In the year 1836.

4915. Mr. Mariner being engaged in business of another sort when first he came to you to borrow money on Exchequer Bills, probably he gave you some explanation of the nature of the transactions he was engaged in. Did he or did he not?—No.

4916. Did he come to you as an individual might come with 6000*l.* Exchequer Bills, desiring you to borrow money upon them?—Either to borrow money upon the bills or to pay for stock, or to pay for any losses which might have happened.

4917. Which was it in point of fact?—Sometimes it was received as security.

4918. What was the nature of the first transaction in 1839 to which you have referred?—To borrow money upon them.

4919. You did borrow money from the Bank of England?—Yes, I borrowed money of the Bank of England, and I borrowed money on the same day of W. and C. Howard on another 6000*l.*

4920. What was the next transaction?—I shall be obliged to the Commissioners if they will permit my clerk to come in, I fear I have not got the first book; I see 10,000*l.* paid to Mr. Hichens, therefore I think the bills must have been in their possession before that. I paid Hichens 10,000*l.* on the 22nd of June, 1838.

Mr. *William Mayo* sworn and examined.

Mr. W. Mayo.

4921. You are clerk to Mr. De Berckem?—I am.

4922. Have you kept his books for some time?—Yes.

4923. What books have you brought here; how far do the books go back with reference to transactions in Exchequer Bills?—June, 1839, is the farthest back; all the books do not go back to the same date.

4924. Have we here the earliest books containing the transactions in Exchequer Bills?—No, the earliest is not here.

[*Mr. Mayo withdrew.*]

Mr. F. T. De Berckem.

4925. (*To Mr. De Berckem.*) As something has led you to doubt whether the earliest transaction was not before 1839, can you from your recollection state when it was?—No, I cannot.

4926. Shall you be able to do so by reference to some book which is not here?—Yes, and I am quite surprised that my clerk has not brought it, I told him to bring the old waste book; there has been no book destroyed, it is sure to be got.

4927. About how long prior to 1839 was the first transaction?—I really cannot fix my memory with it. I did not commence business till 1836, and it was some time after that before I did business in Exchequer Bills, that will approach very near to 1838 or 1839. I should think the earliest transaction must have been in 1838.

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4928. The Commissioners will proceed on the transactions to which your books enable you to speak accurately. What was the next account of borrowing after those you have stated of 6000*l.* and 6000*l.*?—On the 18th of March, 1839, I had 10,000*l.* from Mariner, and borrowed money of Hichens and Company upon them.

4929. What were the terms of that loan?—I think 5 per cent.

4930. You must state it accurately from the books?—The difficulty is that there are so many thousands and thousands.

4931. You say that the transactions are all stated in your books; will you refer to the book containing the account of that transaction with Hichens?—Really I do not know how to find it out, my clerk will do it immediately. I never did look at these books except my cash book; he can explain the terms of every loan from these books. I will swear to his statement, whatever he makes, as being accurate.

4932. You are understood to say that you cannot, even by reference to your books, state the terms of the loan?—I certainly cannot.

4933. Did you understand from Mr. Mariner that all the Exchequer Bills which you received from him came from the same quarter?—I did.

4934. Amounting, according to your statement, in the whole to 385,000*l.*?—Yes, and I have borrowed of the Bank of England, at various periods, 179,000*l.*

4935. Do you mean that the 385,000*l.* is the whole amount of Exchequer Bills you have at any time received from Mariner?—Yes.

4936. When Exchequer Bills were given to you by Mariner, did he give you precise directions to borrow money, or did he leave it to you to make a certain payment, giving you a discretion in raising the money?—I never borrowed any money on Exchequer Bills without previously consulting him, and telling him the terms of the market. On one occasion, when Nathan came to me, he offered me money at 7½ per cent. when my brother was present, and we told him the rate of the market was 4½ per cent., and we would not have anything to do with him.

4937. What is the date of that transaction with Nathan?—About the 25th of October in the last year.

4938. You say your brother was present at the time?—He was. Mr. Nathan came to my office.

4939. Nathan proposed to you to pay 7½ per cent.?—He came to me one morning and said he had spoken to Mr. Mariner and asked him whether, if he could get me money from the Jew party, I would employ him to get it.

4940. He proposed that you should pay 7½ per cent.?—Yes, he proposed that I should pay him 7½ per cent.

4941. Was anybody present besides your brother?—Nobody else, that was in our office in Cushion-court, Broad-street; and he has since said that he was offered a half per cent. commission for so doing, but it is not a half per cent. commission upon the amount, it is a half per cent. per annum; the commission charged on Exchequer Bills is not a half per cent. on the transaction, the commission on 1000*l.* for a month on Exchequer Bills, at a half per cent., would only be 8*s.*, whereas a half per cent commission would be 5*l.*

4942. Will you state what has led you to make the distinction in the account you have given in, that you received a certain number of bills prior to the 19th of September, 1840, and a larger number subsequently to the 19th of September, 1840?—I suppose my clerk considers the bills every year paid off at the Treasury, that he worked it only for a year back.

4943. What does the date of the 19th of September refer to; why did he select that particular date?—I do not know, he copied it from the list given in by Government.

4944. It appears, from several of your answers, that upon the details of the transactions you are not so well informed as your clerk?—I am not so well informed upon them as he is.

4945. The Commissioners will postpone the inquiry into these details, and proceed to other matters. You have stated, that at one time Mariner told you he was concerned for Solari or Rapallo?—Yes.

4946. As nearly as you can, state the time when you first became acquainted from him with the fact that he had anything to do with Solari?—I should say from the commencement of all these transactions.

4947. Did you know Solari personally?—I knew him personally, but merely by seeing him at Mr. Mariner's office; I never communicated with him.

4948. Had you ever any transactions in business with him direct?—No.

4949. Did you know his history at all?—No.

4950. Do you now know when he first came to this country?—No.

4951. Were you ever in company with him otherwise than at Mariner's?—No.

4952. Did you know at all, as he appears to have furnished Mariner with a large amount of property, what were his means of having property?—I do not know his means; he was a most punctual man in payment to Mr. Mariner, I know, and that he had very large transactions in the foreign funds, and was always punctual to a moment.

4953. Do you know that, except from Mariner's statement?—I know that only from Mariner's statement; Mariner paid me.

4954. Did Mr. Mariner usually give you precise directions as to the interest beyond which you were not to go?—I never did any thing without consulting him. I told him the rate of interest at the period, and if he agreed to it I did it; if it was a moderate rate of interest, he would leave it to my discretion whether I paid 4½ or 5 per cent.; if it went beyond that, I always consulted him.

4955. You swear that you always consulted him upon the rate of interest?—I should say almost certainly, and gave in the contracts within five minutes of the transaction.

4956. If at any time you felt yourself obliged to give more than the ordinary rate of interest, it was in consequence of Mariner telling you that he chose to give it, that he wanted the money and authorized you to give it?—Yes.

4957. Did you, on those occasions, know what were the reasons which should induce Mariner to give a high rate of interest for that money?—To purchase, generally speaking, Spanish, Mexican, Columbian, and all sorts of foreign stocks; when it is carried over what is termed the continuation of the settling day of the Stock Exchange, they would make 15, 16, and 18 per cent., and sometimes five and twenty; borrowing money on Exchequer Bills at 5 per cent. enables us to pay for the stock to take it out of the market, by which we make the market itself better, that was what I was told was the reason.

4958. You were so told by Mariner?—Yes, I have had delivered up to my party, Mr. Mariner, 150,000*l.* sterling in Spanish bonds, which I have never seen again.

4959. Foreign stock worth 150,000*l.*?—Yes.

4960. Since what time?—Since the commencement of my transactions with him, therefore I considered that party to be in possession of property.

4961. Can you state the times when you delivered up that property to him?—I cannot tell the times, my books will tell everything, and the nature of the stock.

4962. You say you delivered to him stock valued at so much, how was that paid for?—By the notes from the Exchequer Bills and the profit in the market: we rarely had a loss; I think there was not a year that we had a loss.

4963. You know of no property of your party except as it was the produce of Exchequer Bills?—No; but I never in my life applied to Mr. Mariner saying that I wanted money to take up Exchequer Bills, but I always had money if it was twenty, thirty, or forty thousand pounds, sent to me directly.

4964. In what manner did that money come?—In Bank notes, and sometimes in cheques of other people, and sometimes we sold stock.

4965. When you speak of money, you do not refer to Exchequer Bills?—No.

4966. Did you know where that money came from?—No.

4967. Did you know how Mariner came by it?—I considered that Mariner got it from Mr. Rapallo.

4968. That is, Rapallo as representing Solari?—As representing some party or other, as we always understood.

4969. You have spoken of moneys received by you when you applied to him?—Yes; the 57,000*l.* I paid the Bank came from him. I believe 40,000*l.* of that money came from Coutts and Company: I believe that from what I have since heard, not anything I knew at the time.

4970. You state that you considered Mariner, or those for whom he was acting, to be extensive operators in the foreign funds; will you state in what way you considered the operations carried on were profitable to the parties, so as to enable them to go on with those operations?—In the course of one account I cleared 16,000*l.* profit in about a fortnight, by speculations made in Spanish stock and in the English funds, which was closed, and sold at the end of the account, leaving the balance of profit nearly 16,000*l.* that might be lost, or partly lost; but, at the close of the year, the principals never made a loss. We were told they were acting for a set of parties abroad, of influence; a sort of club, we were told. We always had the most extraordinary information. We had information of Thiers going out three days before anybody else knew it; and we had also knowledge of O'Donnell going away from Pampeluna three or four days before it appeared in any newspaper, coming through the channel of Rapallo and Mariner to me.

4971. Had you any means of knowing from what original funds the various Exchequer Bills from time to time handed to you proceeded?—Not the smallest.

4972. Where did you conceive the funds came from?—I considered them to be a number of persons connected together, who borrowed money upon them in order for their speculations in foreign funds.

4973. How did the very large quantity of Exchequer Bills to which you have spoken come, according to your best information, into the hands of Mariner or his principal?—We never had 385,000*l.* of Exchequer Bills at one time.

4974. But you had very large amounts at one time?—Certainly.

4975. Out of what fund did you suppose those Exchequer Bills were obtained?—I had no idea.

4976. And you have none?—I have not.

4977. Do you mean to say you have no idea now from whence they came?—I have not. I suppose from Beaumont Smith, as he pleaded guilty.

4978. You mean that you suppose the bills were obtained from Beaumont Smith?—Yes.

4979. But you had no idea where the funds came from by which the Exchequer Bills were procured, nor where the Exchequer Bills were procured?—No, not the least.

4980. Where did you generally receive the Exchequer Bills from Mariner?—Generally either at his own office, or he sent them over to me at my office; always one or the other.

4981. Were they always from his hands, or did he send them to you?—He sent them to me by a clerk or a messenger, and my clerk entered them in a book.

4982. Did he ever put other negotiable securities (India Bonds, or any others,) into your hands?—I have had this large box quite full of Spanish securities; I never had any India Bonds.

4983. Had you any other securities on which to raise money but Exchequer Bills?—I do not think I ever had. I might once or twice have raised 10,000*l.* on Spanish stock, for a continuation, but I do not recollect it; certainly no Consols or India Bonds, or anything of that sort.

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4984. In the course of your connexion with Mariner, were you ever employed by him to sell Exchequer Bills?—Never.

4985. Had you ever any discussion with him in reference to the premium of the day on Exchequer Bills, whether it would not be more advantageous to sell the Exchequer Bills than to raise money upon them?—I constantly said, why do not the parties sell the Exchequer Bills; it is a troublesome business to borrow money upon them; they are at a premium.

4986. What answer did you receive?—He said, I obey the orders of my principal. We, as brokers, cannot disobey the orders of our principals.

4987. You went on, after that, in the same course as you had done before?—Yes. I should not have done so with respect to any other securities than Exchequer Bills.

4988. Why?—Because we consider that they are the very finest security that we can possibly have, being payable to bearer. I consider them such good security, I would have done business with almost any stranger who came to my office, and brought me Exchequer Bills.

4989. Supposing he had brought you securities in English stock, what would be the ground of your declining to go on?—Because I should have required other securities against the falling of that stock. I always demanded of Mr. Mariner 5 per cent. security on foreign funds deposited in my hands, and 3 per cent. security against English speculations.

4990. Do you mean 3 per cent., and 5 per cent. cover?—Yes, in order to protect myself against the chances of being ruined by other people.

4991. The question refers to the reason for loaning instead of selling?—It is very common. I have a further security in Exchequer Bills, even in borrowing money upon them, for they generally bear a premium, and always carry interest, which is a further security.

4992. You say you would not have gone on so with any other security but Exchequer Bills; do you mean that you would not have advanced your money from time to time to Mariner on any other security?—Not without a very wide margin. Even if they are at a discount, they are worth 1000*l.* at the end of the year.

4993. You have stated that you had, at one time, a statement from Mariner, that Solari or Rapallo were his principals; had you that conversation more than once in the progress of your transactions, when the transactions became large?—Almost every day. I knew he was acting for Solari.

4994. When did Mariner first tell you or give you any explanation as to the parties for whom he was dealing so largely in Exchequer Bills?—I really cannot say.

4995. How long after your first transaction with Mariner, was it that Mariner told you he had any connexion with Rapallo or Salari?—Very nearly at the first.

4996. What was the precise information he gave you?—He merely said that Solari was his principal.

4997. Will you swear that he said no more?—No more.

4998. Did you take any pains to inform yourself who and what Solari was?—No; because I took pains to keep always security in my own hands. I did not know how Mr. Mariner became acquainted with them, or who or what they were; it was only of late that I spoke to them.

4999. When did Mariner first mention Rapallo to you?—I should say about the time that Solari was ill before he died.

5000. Would that be about October, 1840?—I think it was before that; and Mr. Rapallo told Mr. Mariner he was acting as trustee to wind up a very large affair of Mr. Solari. It was only after his affairs were uncovered that I ever thought that Rapallo was acting on his own account. I thought he was acting for the widow of Solari, perhaps in conjunction with himself; but he always spoke of it as being for the widow to wind up the affairs.

5001. With respect to the 54,000*l.* bills, you make no claim on those as the owner?—No claim at all; I merely seized them at the time.

5002. Whose property do you consider those bills to be?—I consider those bills to be the property of the Government. I consider them to be waste paper.

5003. Supposing them to be good bills, to whom do they belong?—They belong to Mr. Mariner.

5004. Is that the case also with respect to the other three bills?—Just the same.

5005. Of those 57 bills some had been negotiated by you, but had been redeemed?—Yes.

5006. The others had never been negotiated at all?—No.

5007. They were in your hands for the purpose of being negotiated?—For the purpose of security or negotiation.

5008. What number of those have been negotiated?—I cannot state; my clerk can speak to the fact better than I can, he makes an entry of everything.

[*The Witness withdrew.*]

Mr. *William Mayo* further examined.

Mr. W. Mayo.

5009. Mr. De Berckem has, throughout his evidence with reference to the detail of the transactions, referred to you, appearing to know very little about his own books. With regard to the 54,000*l.* bills which are mentioned in the schedule as deposited by De Berckem at the Treasury, it appears from Mr. De Berckem's evidence that a number amounting to 43 were, in October, in the hands of the Bank of England—was that the fact?—I cannot state that without reference to the books. I have given in the account to the Treasury.

[*The book was put into the hands of the Witness.*]

Examinations.

Mr. W. Mayo.

16th June, 1842.

5010. By reference to that account made out by you, will you state whom those bills came from?—They all came from Mr. Mariner.

5011. Will you state which of them have been negotiated?—They have been all negotiated, excepting six.

5012. What number do you make out that have passed through De Berckem's hands and been negotiated by him?—166,000*l.*; and three more, which are not in the schedule.

5013. Will you give the details of those?—That is also in the book I made out to give in to the Treasury.

5014. According to the evidence before the Commissioners, the details appear to be as follows. Can you state in a general way if they are correct? 13,000*l.* in the hands of Simonds?—Yes.

5015. 16,000*l.* in the hands of Levy?—Yes.

5016. In the hands of Tomkins 15,000*l.*?—Yes.

5017. The Commercial Bank?—10,000*l.*; and Mr. Barnewall 1000*l.*?—Yes.

5018. Heseltine?—2000*l.*

5019. John Wray Scott?—55,000*l.*

5020. Besides those, are there three more which were redeemed from the Bank by Tomkins, making, together with the 54,000*l.* deposited with Government, 169,000*l.*?—Yes.

5021. These were transacted with all the parties that have been mentioned?—Yes.

5022. Can you furnish to the Commissioners an account of the different transactions which Mr. De Berckem had with the several persons to whom you have referred in the form of the paper now shown to you?—Yes, I can.

5023. In the account put in by Mr. De Berckem, there is the date assumed of the 19th of September, 1840, what led to the selection of that date?—That was mentioned as the most convenient date before the death of Mr. Solari.

5024. Do you know the precise date of his death?—No; it was in October, 1840, and a book Mr. Mariner had commenced with that statement.

[*The Witness withdrew.*]

Mr. *William Mariner* sworn and examined.

Mr. W. Mariner.

5025. It appears that a very large number of Exchequer Bills have gone through your hands to Mr. De Berckem since the year 1839?—Since 1838.

5026. Can you state the total amount which you believe to have passed from you?—I can tell the total amount borrowed on at present.

5027. The Commissioners have before them the statement you have made to the Treasury but they wish to know from you what amount in Exchequer Bills have passed from your hand, to those of Mr. De Berckem?—When I was at the Treasury I made out a ledger account. I could state the amount from that book.

5028. The number, as stated by Mr. De Berckem and by his clerk, is 385,000*l.*?—I think it is more than that, for this account commences with September, 1840.

5029. Do you agree with that account?—Yes, I made out that account for that period. Mr. De Berckem's clerk was present and our accounts perfectly agreed.

(*Another account was shown to the Witness.*)

That is the account; I made it out and Mr. Mayo copied it. We agreed perfectly. They told me at the Treasury, that if I began in September, 1840, that would be sufficient.

5030. When did your transactions with De Berckem commence?—In April, 1838, on account of those parties.

5031. Had you had previous connexion in business with him?—I had had Stock Exchange transactions for some years before that, but not on account of Solari or Rapallo.

5032. Can you, by reference to the books, make out an account of the whole amount which passed from you to Mr. De Berckem?—I can do so.

5033. There is a statement of a balance of 88,000*l.* at the commencement of that account; that is not intended to express the whole of the Exchequer Bills which had previously passed from you to Mr. De Berckem?—No, certainly not; it is only the balance of a larger amount. This is the account (*turning to it*) containing the number of Exchequer Bills in hand. There were 82 Exchequer Bills borrowed on, and six in hand as security, making altogether 88 outstanding at that time.

5034. All of which had been received from you?—Yes.

5035. Since that there have been received, how many?—297,000*l.*

5036. How many had been received from you by De Berckem prior to the 19th of September, you are not at present able to state?—No, I cannot state that without reference to the books.

5037. Have you no notion what the number might be?—I dare say 150,000*l.*, for we received them and delivered them back during the period of the exchanges, and so on; they would be found entered again on the other side of the account as they were exchanged.

5038. When was the first period at which you began to hand Exchequer Bills to De Berckem, and for what purposes was it at first done?—I think that was in April, 1838.

5039. The Commissioners will be glad to hear any statement of the transactions you may make.—I did some business with other parties for Solari. I should think about a year before I began to do business for Solari, finding he was engaged in a variety of financial and

Examinations.

Mr. W. Mariner.
16th June, 1842.

other transactions, I asked him if he would give me a part of his business; I had been of service to him, and given him information upon the parties in the city, and made out accounts for him. I asked him to give me part of his brokerage business; I told him I would take care his business was done with respectable people, that he should get the same prices as he would of other brokers, and be charged no more commission; it was always customary when parties brought business to a broker to divide the commission with him. Mr. Solari consented to that and brought me a little business.

5040. Are you a sworn broker?—I am not.

5041. Are you on the Stock Exchange?—I was six years on the Stock Exchange before I joined the Mining Association, which I have been connected with 16 years.

5042. You were not on the Stock Exchange at the time you engaged in these transactions with Solari?—No, I was not; Mr. Solari said to me, "Can you borrow money on Exchequer Bills." I said, "Oh yes, to any amount."—He said, "I shall want some in a few days."—"How much shall you want?"—"I shall want about 30,000*l.*, about 7000*l.* one day and so much another?" and, in about a-week, I raised and handed over to him about 30,000*l.*

5043. What was the date of that transaction?—In April, 1838.

5044. How long had you known Solari?—I knew him about a-year before that period, I think.

5045. In what situation was he when you first knew him?—I considered him a merchant; he was doing the same sort of business when first I was introduced to him as afterwards.

5046. Where did he then carry on business?—At Moira Chambers, Ironmonger-lane.

5047. Had he an office or chambers there?—He had two offices there—two rooms.

5048. What was the nature of his business?—Business connected with shares and money transactions, and Stock Exchange; he used to discount a great many bills, but principally speculations in the foreign and English funds.

5049. You say you considered him as a merchant?—He was described as a merchant.

5050. Did you happen to know of any of his mercantile connexions, of whom he bought or sold?—I have heard that he imported wine occasionally.

5051. You were asked, what you knew of him at the time?—All I knew about him at the time was, his speculations in the funds.

5052. You say you considered him as a merchant?—He was described as a merchant.

5053. By whom?—He is described in the Directory as a merchant, and if any question had been asked at the period, what was Solari? they would have said he was a merchant, and a man who speculated a good deal in the funds.

5054. That is not the general description of a merchant?—No, a merchant is generally a person dealing in goods.

5055. Your expression was, "I knew him as a merchant." Had you any knowledge of what particular branch of business he was engaged in? had he any counting-house?—No, I never knew him to be engaged in what we should call legitimate merchandise.

5056. In April, 1838, he first employed you in consequence of your application to raise some money for him?—I think that was the first transaction.

5057. How did you set about it?—He brought me the bills early in the morning on the 10th of April; he brought me 7000*l.* Exchequer Bills, and, having previously arranged the loan, I gave him the 7000*l.*

5058. With whom did you arrange it?—I had mentioned the circumstance to Mr. De Berckem, and he had made arrangements for borrowing the money; so that when I took him over the bills, in the course of a very short time he brought me the Bank notes, or I went to his office and fetched them, and handed them to Solari.

5059. Have you any memorandum or book that will enable you to state how the money was paid?—No, I cannot tell that, but Mr. De Berckem's book will show it very clearly.

5060. What was the next transaction?—The next transaction was on the 11th of April, 1838, I borrowed 7000*l.*; on the 14th of April, 7000*l.* more; on the 18th of April, 6000*l.*; and on the 19th April 4000*l.* more; making together 31,000*l.*

5061. Did you hand all this over to De Berckem?—I handed them all over to De Berckem on those different days.

5062. What was the next transaction of any amount?—The next transaction was the 16th of July, 1838; I borrowed 8000*l* Exchequer for one month.

5063. Was that with De Berckem?—It was all with De Berckem. I borrowed no money but through him.

5064. Is that lying before you the first book you have of your transactions with Solari?—Yes, it is the first book I ever had relating to my transactions with Solari. When first I commenced transactions with Solari, I thought it almost a work of supererogation to keep any book, being so near De Berckem's office; and I cannot give so much information as he can from his books.

5065. When did you first make an entry in that book?—The first entry made is the 7th of June; the reason I made that entry was because Solari came and asked me the question when the bills would fall due; then if Mr. Mayo did not happen to be in I could not give him an account of it, and I thought I must keep an account of my own.

5066. Do you recollect when Mr. Solari came and asked you that question?—I think it must have been in June, 1838.

5067. Having deposited certain bills with you, he came to ask when they would fall due?—Yes, those particular bills.

5068. Did you then commence keeping a record of Exchequer Bills?—Yes, in this book.

5069. Between those transactions to which you have referred in April and July, 1838, had any Exchequer Bills been redeemed?—No.

5070. Were all those Exchequer Bills employed for the purpose of raising loans?—Yes, and I think the money at that time was handed over to Solari.

5071. Did he ever employ you to sell any Exchequer Bills?—Never.

5072. Did he ever employ you to borrow on other securities?—I have borrowed money on other securities for him occcasionally.

5073. On what securities?—I think on Spanish stock; but that was at a later period.

5074. What was the next transaction after July?—On the 25th of July I borrowed on 3000*l.*

5075. Did he on any of those occasions give you any instructions as to interest or terms, or did he leave that to you entirely?—It was understood that I was to receive from him a commission of a half per cent. per annum, which amounted to 8*s.* 4*d.* a-month, for borrowing on 1000*l.* Exchequer Bills.

5076. That was to be your remuneration?—Yes, which I divided with De Berckem.

5077. You were to receive that allowance on the whole amount you have transacted?—Yes; according to the loans we borrowed there was always a commission at the rate of a half per cent. per annum.

5078. So that, in point of fact, if you and De Berckem borrowed 1000*l.* for Solari for a month you each of you got 4*s.* 2*d.*—Yes; and in no single instance did we ever receive more than that.

5079. Was this agreed upon between you and De Berckem and Solari?—It was agreed between me and Solari; and I asked De Berckem whether he was agreeable to do business on those terms, and he said yes.

5080. That was a matter of private agreement between you and De Berckem?—Yes.

5081. When those loans were repeated one after another, did Solari explain to you for what purpose he wanted the money?—Solari told me he was connected with parties in Madrid and Paris, and that they were carrying on a large speculation in Spanish stock and other foreign stocks, but principally Spanish stock. He said, moreover, "Our parties have two millions of Spanish stock, and when the time comes that all or any part of it shall be sold you shall have a good share in the commission." It may be mere assertion certainly, but that is what he told me.

5082. Did he ever happen to tell you how or where he got all the Exchequer Bills?—No, he never told me that.

5083. Did you ever happen to know from him, or any body else, the name of any broker who bought an Exchequer Bill for him?—No.

5084. Did you know from him at all how the funds came which produced those Exchequer Bills?—No, I never understood that; but I can show that, from the very commencement to the termination of the business with Solari and Rapallo, we have always given full value for all the loans we have raised: for instance, we have borrowed in the whole 112,000*l.* on Exchequer Bills, and we have delivered stock to the amount of 147,000*l.* sterling. We always gave a quantity of stock equal to the amount of Exchequer Bills. I do not say on every single transaction, for sometimes we handed over money; but if an account is made out from the beginning, we have borrowed 112,000*l.* on bills, and we have given the full amount of the value.

5085. You say "we," whom do you refer to by that expression?—I mean De Berckem and myself. I never had the slightest suspicion. If this money had been applied to pay losses I might have considered, where does all this money come from.

5086. What knowledge had you of what was done with the money borrowed?—I could only have a knowledge of that which passed through my own hands.

5087. What passed through your own hands as to the application of the money which was so raised?—In the first transactions for Solari we handed over the money to him; afterwards we took up stock, and handed that stock to him. And Mr. Mayo, the clerk to Mr. De Berckem, can produce a statement of the quantity of stock handed over at different periods to those parties, which will amount to the sterling value of 147,000*l.*

5088. Can you state the transactions in which you handed over stock to him?—I can do it by reference to the books.

5089. Do you as a broker know what became of that stock?—No, certainly not; no man can tell what becomes ot property he hands over to his principal.

5090. You might have been employed to sell it. Did you, in fact, know what became of that stock?—No, I did not.

5091. When you make the statement, which you seem to think important, that De Berckem handed over a quantity of stock to Solari, do you mean to raise the infference that the produce of that stock was employed in the purchase of Exchequer Bills?—That I cannot tell. I can only go so far as to say, that when Exchequer Bills were delivered, taking the transactions as a whole, we handed over fully the amonnt that we raised upon those bills; and it is a most important account to be considered, we can prove that account by the vouchers; we can make it out in a day.

5092. You mean to say that if Mr. Solari did not get the value in money he got it in stock?—Certainly.

5093. But what became of that stock you cannot tell?—No; unless it passed through our hands we could not tell. I shall be able to show that De Berckem delivered to me stock from time to time amounting in the whole to very nearly, if not quite, the total amount of the Exchequer Bills on which we borrowed money, the rest being accounted for.

5094. From what will that account be made out?—From De Berckem's books: they agree with my own.

Examinations.

Mr. W. Mariner.

16th June, 1842.

5095. How shall you be able to prove that that stock so delivered to you by De Berekem was delivered to Solari?—There I might be at a loss. I do not know that I could do it directly. I might be able to do it through some of the people in the Stock Exchange when that stock was sold, but I have no entry in my books of it.

5096. Should you be able, by your own statement on oath, to prove that it was handed over to Solari?—Certainly.

(*The Witness was directed to make out the account referred to.*)

5097. Did you keep any book of transactions as between yourself and Solari?—This is a book of transactions between me and Solari, and here is a copy of a letter to him.

5098. That book does not contain an entry of the delivery of any stock to him?—Not at that early period, I think.

5099. When did you keep any such account?—I do not see any entry of the delivery of stock, but they would take very good care that I did not keep anything in hand.

5100. You kept no account at any time of the deliveries of stock?—No, I do not think I did.

5101. Neither with Solari nor Rapallo?—No. In fact, it is generally understood that if you have received the money, you have delivered the stock, that it is paid for.

5102. You say the stock was delivered to you; does that mean that there would be an entry of that in some office?—I can prove, by De Berckem's books, that he delivered the stock to me.

5103. Of what does the delivery of that Spanish stock consist?—Of Spanish bonds.

5104. What official entry is there of the transaction?—The entry will appear in De Berckem's books.

5105. Is there no office or book in which the transaction is entered?—No, it is done by the delivery over of the bonds; there is no transfer, the Spanish stock is in bonds.

5106. It was all in that sort of stock?—Yes, Mexican, or whatever it might be. I can prove that De Berckem handed those bonds to me, and that I handed him the money, which money I received from Solari, therefore I must have delivered him the stock. The money was equally paid in their own cheques, which passed through their bankers.

5107. When did you begin to have communication with Rapallo, and in what character was it?—I first began to do business with Rapallo in October, 1839. Mr. Solari was ill, and he was about to go out of town, and he told me to do whatever business I was in the habit of doing with him with Rapallo, that it was one and the same thing. I think Rapallo has brought me documents earlier than that, but I consider that to have been particularly on account of Solari.

5108. He was merely Solari's messenger at that time?—I always thought there was a particular connexion between them, but I did not know the nature of it. Up to October, 1839, all accounts were sent to Solari, after that they were sent to Rapallo. In October, 1839, there is an entry in the name of Solari, and then the next entry is "Received of E. Rapallo."

5109. After that time did Rapallo, from time to time, bring you Exchequer Bills?—Yes.

5110. Do you know the exact period of Solari's death?—The 18th of October, 1840.

5111. When you first began to receive Exchequer Bills from Rapallo, had you any conversation with him as to the nature of the operation?—No. I conceived they were brought under similar circumstances to what the business was done with Solari; in fact, they were mostly together about October, 1839.

5112. Were they always brought to raise money on loan?—Yes, always to give him the money or the value by stock.

5113. Did he ever give you instructions to sell?—No, he never gave me positive instructions to sell; but when I had funds I was afraid we should not be able to get money without his assistance, he would say, "Well, I will try and assist you as far as I can, but if we cannot get the money without, we must sell; it is not an unsaleable security:" but he never gave me positive orders to sell.

5114. Did you, in point of fact, ever sell?—Never. De Berckem gave an order to Robarts to sell in case he should not take up a loan; that I think was on the 15th of October.

5115. 166,000*l.* bills appear to have passed through your hands to De Berckem, and which are scheduled to the Act of Parliament; will you detail the circumstances under which those bills came into your hands?—There were 169 all altogether, and three of those are not in the schedule; they all came from me.

5116. Under what circumstances did those several bills come into your hands?—Those 169 are the bills borrowed on, which have been received at various times by De Berckem from me. I can tell the dates at which I received them, and, by looking at the book, I dare say I can state the purposes for which they were put into my hands. This is the account of all bills received from me and all bills delivered by me, bringing out the balance of 169,000*l.* The 169,000*l.* I account for in this manner: the Chancellor of the Exchequer 54,000*l.*, and so on.

5117. In what portions did De Berckem receive those bills from you?—He must have received them at the times at which I received them from Rapallo.

5118. Did you keep an account of the bills you received from time to time from Rapallo?—Yes; this is the book (*referring to the book before produced*).

5119. Can you state whether the bills which were handed to you from time to time by Rapallo were always handed over to De Berckem?—With very few exceptions, the exceptions being perhaps that Rapallo would ask me to take care of four or five bills for him, and they were given him back; but, generally speaking, all the bills given to me by Rapallo were handed to Mr. De Berckem.

5120. All those 169 were received by you from Rapallo?—Certainly.

5121. And they were all handed by you to De Berckem, with the exception which you now state?—Yes.

5122. Can you state the masses in which they were obtained by you from Rapallo, and those in which they were obtained by De Berckem from you?—It is only through the numbers I am enabled to do it.

5123. They were not handed over by you to De Berckem with a view to a particular transaction, but, being in his hands in a mass, he applied them to particular transactions?—Just so.

5124. When did he make you acquainted with the contract?—Immediately afterwards he sent me a note.

5125. Had he done the thing with the Commercial Bank, for instance, before he consulted you?—Yes; he was not instructed to go to the Commercial Bank, but he was told that we wanted so much money. He always gave me a contract similar to this; this is the only one I have preserved.

The same was delivered in and was read as follows:—

"W. Mariner, Esq.

"Borrowed for your account, on Exchequer Bills, of the Commercial Bank of London, £15,000, for 13 October, at 5 per cent.

Int. and Com. ½ } £61 0 6

1, Cushion Court, Broad Street,
16 September, 1841.

For F. DE BERCKEM,
WM. MAYO."

8364 to 8
8370 to 3
March
15/100C
7065 and 6
7099
7103 to 5
June

5126. He would not name you to the Commercial Bank, for instance?—No.

5127. But he always named the Commercial Bank, or whoever was the party, to you?—Yes.

5128. So that as regards each specific transaction he would not receive from you the particular number of bills referable to that transaction?—No. He might have a loan due to-day with certain parties for 10,000*l.*; he might be obliged to take up five, then he would deposit those five with some other person without my knowing anything of it until I received a note in the evening saying that he had entered into such a transaction: that was merely a transfer from one party to another.

5129. Receiving from you from time to time such new bills as he required to complete a transaction?—Yes.

5130. Did he at any time receive from you money, or other negotiable securities, to take up the loans, or was it always in Exchequer Bills?—Sometimes money.

5131. In what proportion would it be money as compared with Exchequer Bills?—The money was comparatively in a small proportion until latterly, when I received a large sum to take up those Exchequer Bills at the Bank of England.

5132. The payments of interest would be in money?—Yes, always in money.

5133. From whom did you receive that money?—Always from Rapallo.

5134. What was the earliest payment in money, to any considerable amount, made to you by Solari or Rapallo?—I will refer to the account and state that.

5135. It appears from your statement that De Berckem would have in his hands from time to time a considerable amount of Exchequer Bills to be applied generally to the purpose of raising loans?—No. I do not think he could have any considerable amount of Exchequer Bills beyond what would cover him for the speculations in stock, but he might take up bills and remove them to other parties as I have stated.

5136. What amounts might he have held from time to time in his hands in Exchequer Bills in that way or on account at a time?—I do not think he ever had more than 12,000*l.* Exchequer Bills as security against stock transactions; 12,000*l.* to 15,000*l.* at the most.

5137. Do you mean against liabilities on your account?—Yes. When a man opens a Stock Exchange transaction he has generally what is called a deposit placed with him to secure him against any loss; Exchequer Bills, or stock, or money; some sort of security. Whenever money was required to be raised, the Exchequer Bills were handed to him on the day on which the money was raised.

5138. What was the largest amount of Exchequer Bills he had at one time together in his hands of yours?—I think about the period of the exchanges, when Exchequer Bills were becoming due; in March and June he might have had a larger amount, but I can very soon ascertain that by referring to the ledger (*the Witness referred to the ledger*). I think the largest amount was 26,000*l.*, exclusive of whatever cover he might have.

5139. You handed over the Exchequer Bills to him before you received the consideration in stock?—Yes.

5140. To what amount would you hand over Exchequer Bills to him for such a purpose?—That would depend entirely upon the quantity of stock we had to pay for.

5141. What is the largest sum he has ever had in his hands at one time belonging to your party?—I think 26,000*l.*, exclusive of the cover.

Examinations.

Mr. W. Mariner.

16th June, 1842.

5142. The Commissioners have before them a statement made by Mr. Mayo before the Committee of the Stock Exchange "that he thought it likely that De Berckem had had at times from 100,000*l.* to 150,000*l.* from Mariner in his possession at a time, to purchase stock or make loans?"—That is certainly a misunderstanding; most certainly it was not so: I think 26,000*l.* was the largest sum he had for any purpose whatever at one time; here are all the different sums, and there is nothing like that.

5143. De Berckem has stated that he consulted you from time to time as to the rate of interest if it appeared to be high, before the transaction was completed. Is that so?—It is.

5144. Did you always become acquainted with the transaction before it was completed?—No, not always; but whenever he had any difficulty before he ventured to pay beyond what he considered the common rates, he came to me.

5145. Did it occur that he often consulted you as to paying interest above the common rate, and that you consented to do so?—I must qualify that expression, "the common rate." About a month ago in the Stock Exchange everybody was anxious to lend money in the morning at 4 per cent.: about 2 in the afternoon money became so very scarce from transactions in the Stock Exchange that parties were very anxious to borrow money at 10 per cent.

5146. On Exchequer Bills?—On anything.

5147. What is the highest rate of interest at which he consulted you at any time?—I think when money has been easy in the morning and hard in the latter part of the day, he has come to me and mentioned that, and I have said then he must get it only for a short time,

5148. Has he consulted you about giving 8 per cent?—Oh dear no.

5149. 7 per cent.?—No. There have been times when we have paid 8 per cent.

5150. Did he ever consult you upon that?—No.

5151. Why not?—Because that was the common rate of interest.

5152. You have never consented to his paying more than the common rate of interest of the day?—No. I am satisfied if I had De Berckem would not have done it; he is too much a man of business, and has too much pride in his business to do it.

5153. When any of those applications were made to you about the rate of interest, did you ever refer the matter to Rapallo or Solari?—Generally when I had time to do so I did.

5154. In what masses or amounts did the Exchequer Bills from time to time come to your hands from Rapallo?—The book I produce contains an account of that. I received 6000*l.*, 20,000*l.*, 10,000*l.* and so on.

5155. There appear to have been at one time 84,000*l.*?—Yes; that was for the purpose of taking up the bills due in March.

5156. You appear to have had at one time in your hands Exchequer Bills to the amount of 84,000*l.*?—Yes.

5157. That appears, in the book you produce, to be the largest sum?—Yes.

5158. Is there in pages 2 and 4 of the book before you an account of your receipts from Rapallo?—Yes.

The same was read as follows:—

		Received by W. Mariner of E. Rapallo.	£.
19 Sept.	1840	Borrowed on	82,000
		In hand . . . (As per statement on the other side)	6,000
16 Nov.	,,	5839 to 5858 . dated 17 June, 1840, 1000*l.* each	20,000
13 Jan.	1841	5869 to 5878 . ,, ,,	10,000
		5929 to 5948 . ,, ,,	20,000
16 Jan.	,,	5859 to 5868 . ,, ,,	10,000
25 Feb.	,,	5959 to 5963 . } ,, ,,	25,000
		5899 to 5918 , }	
6 March	,,	7381 and 7382 . dated 16 March, 1840 ,,	2,000
24 March	,,	8272 to 8283 . dated 15 March, 1841 ,,	12,000
27 March	,,	8301 to 8303 . } ,, ,,	4,000
		8271 . . . }	
30 March	,,	8304 to 8325 . } ,, ,,	84,000
		8326 to 8387 . }	
23 March	,,	8300 . . . . ,, ,,	1,000
27 May	,,	8437 to 8456 . ,, ,,	20,000
15 June	,,	5804 to 5810 . dated 17 June, 1840 ,,	7,000
23 June	,,	7052 to 7071 . dated 16 June, 1841 ,,	20,000
28 June	,,	7072 to 7081 . ,, ,,	10,000
30 June	,,	7102 to 7105 . ,, ,,	4,000
7 July	,,	7082 to 7091 . ,, ,,	10,000
10 July	,,	7098 and 7099 . ,, ,,	2,000
13 Oct.	,,	6404 to 6413 . ,, ,,	10,000
15 Oct.	,,	7447 to 7454 . }	
		6415 . . . . }	
		6433 . . . . } ,, ,,	26,000
		6460 to 6464 . }	
		6494 to 6504 }	
			385,000

5159. Supposing those 54 bills which are deposited at the Treasury by Mr. De Berckem to be genuine bills; whose property are they?—I am sure I cannot answer that. I am not acquainted with law.

5160. Have you any claim upon them?—No. I have no claim upon them. Mr. Amory advised those bills to be given up to the Government.

5161. They are among those you handed to Mr. De Berckem?—Yes.

5162. De Berckem has not advanced upon them, therefore he has no claim upon them?—He redeemed them with the money he received from Rapallo. I might say that I consider them as Rapallo's property.

5163. Is the case the same as to the three bills redeemed by Tomkins?—Yes.

5164. Supposing the bills to have been genuine, if they had been returned to you by De Berckem they would have been handed over to Rapallo?—Certainly.

5165. What was the first occasion of your being cognizant or suspicious of anything wrong in the Exchequer Bill market?—The first thing that struck us was the notice in the Times newspaper. We were about to raise some money on Exchequer Bills to take up loans with the Bank of England to the amount of, I think, 74,000*l*. On the 20th I wrote a note to Rapallo, stating that I had made arrangements with De Berckem to effect this object; but on the morning of the 21st, in consequence of an article in the "Times," no money could be borrowed on Exchequer Bills, and I wrote to Rapallo to that effect.

	£.	s.	d.
Therefore on the 21st October Spanish Stock was sold to the value of	20,000	0	0
21st October, Bank Notes received of E. Rapallo . . .	24,500	0	0
22nd „ Sundry Cheques	7,418	3	0
	51,918	3	0

With this money and a balance in hand, the 54,000*l*. Exchequer Bills now with the Government were redeemed.

5166. Have you a copy of that note to Rapallo?—No, I have not. Rapallo said "Then we must sell the stock."

5167. Did he send a written answer?—No; he called round and said, "Well, if that is the case you must sell the stock."

5168. Was any other person present besides yourself and him?—No, I think not. Then De Berckem sold the stock and we were provided with some further money from Rapallo and redeemed a great part of the bills which were deposited with the Bank of England.

5169. You have stated that Solari told you that he was connected with parties in Madrid and Paris: how long was that after your first transaction with him, or was it at the time of your first transaction with him?—I think it was about the same time or before that.

5170. Did he mention who those parties were?—No, he did not; but I believed he was acquainted with a number of diplomatic people, for both Solari and Rapallo always had a priority of intelligence respecting political matters, sometimes even several days.

5171. Do you now know what diplomatic people he was connected with?—No, I do not.

5172. Do you now know what parties in Madrid or Paris he was connected with?—No.

5173. Was that the whole of his statement on the subject?—He said he was connected with people in Madrid and Paris, and that they had a large speculation afloat, principally in Spanish stock, of which he held the amount of two millions. I could have no hesitation in giving confidence to people who held to the amount of two millions, which was somewhat about 400,000*l*. in value.

5174. Was that the whole of the communication he made to you upon the subject?—I think it was; there might be something else, but those were the principal points. I always understood that whenever I had this money, it was for the purpose of taking up stock with other brokers.

5175. You say you first began to do business with Rapallo in October, 1839; did he ever make any communication to you as to the parties for whom he acted?—No; because I thought he was doing business for Solari.

5176. Did he make any communication as to the parties for whom Solari acted?—No, never at that time; he used to speak of their friends, but I did not know who their friends were.

5177. Did you make any communication to De Berckem at any time upon this subject, as to what Solari had said as to his connection with parties in Madrid and Paris?—Yes; and I frequently told De Berckem some political news.

5178. How soon after your connection with De Berckem did you tell him this, or did you tell it him at the original period of your connection with his business?—I cannot recollect the particular date, but I think I must have told him early.

5179. You think you must have told him at the origin of your transactions with him?—Yes, I think so.

5180. Did you observe the appearance of the Exchequer Bills from time to time, as they were handed to you by Rapallo; did they appear new bills, or bills that had been for some time in circulation?—After the fresh issues they appeared to me perfectly new bills, but afterwards they appeared to have been in other hands; in fact, they frequently had, for we were continually giving him the same bills over and over again; that will appear by the ledger account.

5181. The bills which you had previously handed to him when the transactions were completed you had again from him?—Yes.

5182. Had Solari or Rapallo themselves at any time any communication with De Berckem, on matters of business?—Not Solari, but Rapallo had latterly.

5183. From what time?—It must have been, perhaps, the last year, somewhere about October, 1840.

5184. About the time of Solari's death?—Yes.

5185. Rapallo was himself in the habit of personal communication with De Berckem?—Perhaps, if I say in the habit I may go too far, but occasionally.

5186. Was that in your presence?—Yes; conversations on the state of the market, and so on. I do not think he ever gave him a direct order, except once or twice. He gave his orders to me, and almost all his orders went through me; but he had conversations on the state of the market, and the price of stocks.

Examinations.

Mr. W. Mariner. 16th June, 1842.

5187. Did you inform De Berckem at first that you were acting for Solari?—Yes, I think I did; but I am not quite certain; but De Berckem said "I only know you Mariner in these transactions. I look to you to be sufficiently covered in the transactions."

5188. Did you ever communicate to De Berekem the name of Solari as your principal?—I have no doubt I did.

5189. How soon did you do that after your first transaction with De Berckem, or did you do it at the period of your first transaction with him?—I think I must have done it rather early, on account of letting him know I was acquainted with persons that I at that time thought respectable.

5190. Can you take upon you to state that you did make that communication to him shortly after your first transaction?—I think it most likely that I did. I have no doubt in my own mind that I did.

5191. Will you undertake to say that you did?—I cannot recollect the particular time, or the manner in which it was done, but I have no doubt that I did make him acquainted with it.

5192. At what time?—I suppose early in 1838.

5193. Your first transaction with Solari was in April, 1838?—Yes; and I think I must have told him at the time the parties for whom I was acting.

5194. Have you any recollection of it?—I have no particular recollection of it, but I am almost certain from recollection that I did. I could not swear as to the precise period, or the precise words, but it appears to me reasonable to suppose that I did.

5195. The question is as to a matter of fact, whether you did; not your reason to suppose?—I have no doubt I did; and I have no doubt it was early in 1838, for we were on those terms of friendship, and did business together, so that I have no doubt I must have told him so.

5196. When did you first consider Rapallo to be your principal?—Not absolutely until after Solari's death; that was in October, 1840.

5197. Did you at any time communicate to De Berckem that Rapallo was your principal?—Yes.

5198. When or about what time?—That must have been at the time of Solari's death.

5199. The question is, what you know and recollect upon the subject, not what must have been?—My recollection does not serve me as to the precise period, but it was about the time of Solari's death, and my reason for thinking so is, that these transactions still going on in which Solari was engaged, De Berckem must have known that Solari was dead, and he would naturally make an enquiry of me upon that subject; it is reasonable to suppose that it was so.

5200. Did De Berckem make an enquiry at any time who was your principal?—I think I must have told him.

5201. Did he at any time make an enquiry?—I am sure I do not know whether the information was in consequence of his enquiry, or whether I gave it him myself.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 17th June, 1842.

The EARL of DEVON in the Chair.

George Bunter Clapcott, Esq., sworn and examined.

Mr. G. B. Clapcott. 17th June, 1842.

5202. You reside at Bath?—I do.

5203. Are you in business?—No.

5204. You appear in the schedule to the Act to have been connected with Exchequer Bills, Nos. 7052 to 7055, have you the counterpart receipts of those bills?—This is the receipt I obtained from the Bank of England for four, (*producing the same.*) I have no receipt at all for the fifth; that was brought in by Mr. Scott, I think.*

5205. Do you recollect the number of that?—7056.

5206. You were the holder of all those five bills?—Yes.

5207. Will you state under what circumstances?—At the end of December, 1840, I had 5000*l.*, with which I desired Mr. Scott to do the best he could for me to obtain interest on Government security.

5208. Did you write him that letter of the 3rd of December, 1840, on that occasion, (*the same being shown to the Witness*)?—Yes.

5209. Are those letters of the 5th of December, the 4th of March, the 6th of March, the 7th of May, and the 24th of June, also your handwriting, (*the same being shown to the Witness*)?—Those are my handwriting.

5210. Have you any letters you received from Mr. Scott?—I have his letter, by which it appears that he lent my money on the Reduced Three per Cents.

The same was read as follows:—

"MY DEAR SIR, "2, Bartholomew Lane, 8th December, 1840.

"YOUR letter, dated the 5th, I have only this morning received. I have disposed of the 5000*l.* by lending it at 4½ per cent. on Reduced Three per Cent., 5500*l.* of which stock now stands in your name as security till the 15th January, as you will see by the enclosed stock

* Mr. Marshall states, *supra* 258, that he has the Government receipts for Nos. 7052—7055, belonging to Mr. Clapcott, and No. 7056 is put in for him by Mr. J. W. Scott, *supra* 163.

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Mr. G. B. Clapcott.

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receipt. This is not so good a rate as I had hoped to obtain, but it happens that just now that money, though wanted, is not in such request as last week, and even 4½ per cent. is considerably better than Exchequer Bills would give. If I cannot make arrangements to go on with Reduced Three per Cent. on the 15th January, I must send you a power for sale and find you some other security. I am glad to hear your son has been so successful. When I have the pleasure of seeing you here we will decide on the best mode of placing the money, should you desire a permanent employment for it.

"Yours very sincerely,

"*G. B. Clapcott, Esq.* "J. W. Scott."

Mr. *Clapcott.* This is the next letter I received from him.

The same was read as follows:—

"My Dear Sir,

"As I presume I shall not have the pleasure of seeing you in town this week, and the engagement for the loan ceases on the 15th, I send you a Power of Attorney for your signature to enable me to re-transfer the 5500*l.* reduced. As the rate of interest on stock is now lower I shall find you some other security, and I have in view one equally good, viz., Exchequer Bills, on which I hope to lend the 5000*l.* the same day it is returned to me; should you be coming to London however reserve this power unexecuted, and the cost can be returned from the Bank.

"I am, my dear Sir,

"Your very obedient Servant,

"*G. B. Clapcott, Esq.* "J. W. Scott.

"3, Bartholomew Lane, 11th January, 1841."

Mr. *Clapcott.* This is the next letter I received from him.

The same was read as follows:—

"My Dear Sir, "3, Bartholomew Lane, 9th March, 1841.

"The bills sent you are dated June, and like the last are 2¼*d.* per day interest, but of course you will receive 5 per cent. interest while you hold them, unless there be a great change in the value of money; but of any reduction you would be entitled to due notice. The borrower of the money, cannot say positively how long the loan may be continued; but you may consider the present arrangement to stand good till the 15th April. I have little doubt a new arrangement on the same terms will then be made. But if at any time you should wish the money returned before the date specified, I can always place the bills elsewhere by a couple of days' notice. I hope you and all yours continue well.

"Yours very sincerely,

"*G. B. Clapcott, Esq.* "J. W. Scott."

5211. What answer did you make to that letter of the 9th of March?—I do not recollect at this moment, it was only by chance I was able to find these letters.

5212. Were the five 1000*l.* bills ever placed in your hands?—Yes, he sent them always to me.

5213. When were the Exchequer Bills given you for your 5000*l.* first placed in your hands?—I really cannot tell.

5214. Did you come to town in consequence of this loan he promised to make for you?—No; I was in London between the 20th and 30th of January, 1841, and on the 18th of June, 1841.

5215. Will you put in any other letters you received from him.

The following letters were read:—

"My Dear Sir,

"The interest on the loan on Exchequer Bills having run up to a tolerable sum, I beg to enclose you a cheque for 71*l.* 4*s.* 7*d.*, being 5 per cent. on 5000*l.*, from the 16th January last to 30th April, 104 days. The borrower of this money has been giving me notice of repayment of other loans, that I am in uncertainty as to the period that this 5000*l.* may remain open. I have, however, taken care that it shall be the last loan repaid; in the mean time we should be on the look out for some other employment for the capital.

"Yours very sincerely,

"*G. B. Clapcott, Esq.* "J. W. Scott,

"3, Bartholomew Lane, 5th May, 1841."

"My Dear Sir,

"I enclose you 5000*l.* Exchequer Bills, No. 7052 to 6, 16th June, which please acknowledge.

"Yours very sincerely,

"*G. B. Clapcott, Esq.* "J. W. Scott,

"3, Bartholomew Lane, 23d June, 1841."

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Mr. G. B. Clapcott. 17th June, 1842.

"My Dear Sir, "3, Bartholomew Lane, 19th October,

"If I had the command of your money on Thursday I could put you in possession of an Exchequer Bill for the same amount for two or three months certain on the same terms as the last. I cannot promise it definitively, but I have little doubt that on being in receipt of the cash I shall be able to find an Exchequer Bill to send you within a day or two of its arrival. At the end of this month there will be six months' interest due on the 5000*l.* Will you let me know by what channel I shall transmit the same? Your letter does not show from what locality it is written, I therefore conclude I must address you at home, though the postmark is "Dawlish." With my kind regards to Mrs. Clapcott and all your family.

"Believe me, yours very sincerely,

"*G. B. Clapcott, Esq.* "J. W. Scott."

5216. That did not refer to the first Exchequer Bills you had from him?—No; they had been renewed.

5217. Can you tell when you received the original bills for which those were given in exchange?—At the expiration of the loan on the reduced 3 per cents. on the 15th of January.

5218. When you received his letter of the 9th of March stating that he proposed to make a loan on Exchequer Bills, did you accede to that proposition?—I did.

5219. Was that by letter?—I really cannot state at this moment; but I know it was perfectly with my consent that he lent the money on Exchequer Bills, having been always led to believe that Exchequer Bills were the best security I could have in this country.

5220. Did you supply him with a sum of 5000*l.*?—Yes; my letter giving him the order on Glyn's was on the 5th of December, 1840. I considered that an Exchequer Bill was as safe a holding for me as a stock receipt.

5221. Did you draw on Glyn and Company?—No; my bankers Fryer and Company at Blandford sent the money to them; it is the Wimburn Bank, Messrs. Fryer, Andrews, and Company. At Blandford, there is a branch of that bank, my residence was nearer Blandford than Wimburn, and I did my business with that branch.

5222. Did they debit you in account with the 5000*l.*?—Yes, they did; I could have brought my banking-book if I had thought of it. The remaining letter was that which contained the bad news.

The same was read as follows:—

"My Dear Sir, "Tuesday, 26th October, 3, Bartholomew Lane.

"If you read the daily papers you have most likely seen that in the money market there has been much excitement about Exchequer Bills. Some suspicious appearances have led to an investigation, and it has come out that there has been a spurious circulation and emanating from no less important a quarter than the Treasury itself. A Mr. Beaumont Smith, now in custody, has carried on a system of fraud for three years, escaping detection till the present time, having engaged in immense speculations by virtue of money and credit raised on these bills improperly issued. The authorities are at present unable to say which are and which are not genuine bills, as the paper, printing, and stamp, are indubitably theirs. To-morrow the bills are to be examined, and I wish to place the matter beyond a doubt by having the 5000*l.* you hold examined. The general impression is, that as the fraud has been the act of a servant of the Government, the Government must hold the possessors of the fictitious bills harmless. As I have lately been the negotiator of a considerable amount of bills, the subject is a source of the greatest anxiety to me, and I hope to have the matter cleared up to-morrow by further attendance at Whitehall, where I have been several hours to-day. If you send the bills by post you may divide them and send the halves—one set to me, the others to Messrs. Secretan and Scott, 4 Birchin Lane.

"Your's, very sincerely,

"*G. B. Clapcott, Esq.* J. W. Scott."

5223. Was that the first time you had ever heard of there being anything wrong in the bills, or suspected that?—Yes; instead of sending up the bills I came up to London directly bringing the bills with me. This is the memorandum I made at the moment of what Mr. Scot stated to me; "Barker and Rose, Attorneys, 50, Mark Lane, De Berckem, broker, of whom the bills were had and has had a very large amount of them through his hands, Maubert, an influential man on the Stock Exchange had been at the Treasury and advised my buying scrip." I went to the Bank with the four bills; Mr. Marshall said, "I cannot do anything with these now, I have so many spurious Exchequer Bills, I must take these to the Exchequer Office before I can do anything for you."

5224. You carried them in, and tendered them to be funded?—Yes; that is what I understood.

5225. By whose advice did you do that?—Mr. Scott; I think in consequence of the recommendation of Mr. Maubert.

5226. Do you recollect the reason the fifth bill was not funded?—Because it required more scrip than they had, and it was left in Mr. Scott's hands.

5227. Were those bills ever taken up to the Government Office to be examined?—They were taken by Mr. Marshall.

5228. They had not been taken up to the Government Office to be examined before they were tendered?—No; I was going to take them up to be examined, but I was told that I should not be able in consequence of the press to get in for several days, and I was recommended to buy what is called scrip and take it to the Bank.

5229. Was this in consequence of Mr. Scott's advice?—The advice of Mr. Maubert I understood, a person I have never seen.

5230. Can you give the date of the original loan and the terms of it?—The interest was to be 5 per cent. for an indefinite time. I did not know whether the bills might be called for this week or the next.

5231. Was that loan renewed from time to time?—Yes.

5232. Was the loan still current on those successive renewals when you received that letter of the 26th of October?—Yes; and there was interest due on it at the time.

5233. The last period of renewal had not expired at that time?—No, I think not.

5234. Was the interest always 5 per cent. or did it vary?—It did not vary at all.

5235. When was the commencement of the loan on the Exchequer Bills?—On the termination of the loan on stock, about the 15th of January.

5236. You knew nothing of the transaction, except what you learnt from the letter of Mr. Scott?—I did not.

5237. Had you spoken personally to Mr. Scott during the pendency of that transaction?—I think I exchanged them once or twice with him when I happened to be in town, but nothing more than that. I held those bills, and to convince the Commissioners how well satisfied I was with them, I never left my house for one night without taking those Exchequer Bills about my person, lest they should be taken; I never would even risk them.

5238. Did it occur to you to examine their appearance at all?—Not at all, for I knew nothing about the appearance of an Exchequer Bill.

5239. Perhaps you had never been the holder of an Exchequer Bill before?—I am sure I cannot say; most probably not.

5240. Up to what time had interest been paid on those Exchequer Bills when you received the letter of the 26th of October from Mr. Scott?—I received interest up to the 30th of June, 1841.

5241. Was the interest regularly paid from time to time?—I really do not know, for I had written to Scott to say I was perfectly satisfied with his remitting me the interest half-yearly. I did not care for his remitting it every time he might receive it.

5242. You claim as owner upon those five bills?—Decidedly, I am the owner, having paid 5000*l.*

5243. You claim for the principal money all interest having been paid up to the 30th of June, 1841?—Yes; I conceive I am entitled to interest from the 30th of June.

5244. You have taken no proceedings against Mr. Scott?—I have not, knowing, as he said in his letter, that a great number of those had gone through his hands. I was quite convinced it was of no use whatever to sue him. I had every reason to believe him to be an honest honourable man.

[*The Witness withdrew.*]

Mr. *Edward Lloyd Morgan* sworn and examined.

5245. You are aware that if you have any wish to be attended by a professional adviser you are at liberty to be so?—I am; I have no wish for it.

5246. Are you one of the partners of the house of Morgans?—No, I am not.

5247. Of whom does that firm consist?—Of William and James Morgan, my father and my uncle.

5248. Are you a broker?—I am a member of the Stock Exchange, but I am not a broker.

5249. As a member of the Stock Exchange, what particular designation would you give yourself?—I do business for my father, who is a sworn broker. There are many members of the Stock Exchange who are not brokers.

5250. Do they do business for other brokers?—Some of them do business as jobbers.

5251. In the history of the documents purporting to be Exchequer Bills, the name of Morgan has appeared a good deal; a great many bills appear to have passed through the hands of your father and yourself,—the Commissioners will be glad to hear from you any general statement you may wish to make of the manner in which the house in which you are concerned became possessors of that number of Exchequer Bills which appear to have gone through you into circulation?—The first commencement of my father's knowledge of Mr. Solari was on the 9th of May, 1836, and a short time after that he brought us 2000*l.* Exchequer Bills, on which he borrowed 1500*l.*, and from that time to this those transactions have been going on, increasing every year, for Mr. Solari. We were in the habit of doing stock business for him, and frequently he paid us in sums of money; at other times he brought us Exchequer Bills, which we borrowed money on, and paid for the stock delivered to him.

5252. How early in your connexion with him did you begin to purchase stock for him?—It must have been very shortly after the 9th of May, 1836.

5253. Was it foreign stock?—Both foreign and English stock.

5254. Were you yourself present when he first became acquainted with the house, and when the first transaction in business took place, so as to be able to state any particular conversation?—No, that must have been with my father.

5255. Is your father Mr. William Morgan?—Yes.

5256. Did you receive instructions from Solari himself, or from your father, as to what you were to do on the Stock Exchange?—From my father.

5257. Did you at any time see Solari?—Yes, frequently.

5258. With respect to any particular loan or transaction on the Stock Exchange you

Examinations.

Mr. E. L. Morgan.

17th June, 1842.

received your instructions from your father?—Yes, generally. I might have received instructions to borrow money from Solari, but it was through the house that it was done.

5259. Did you, either at the commencement or in the progress of your connexion with Solari, know what particular business he was engaged in?—No, when he was first introduced to my father he stated that he had a friend of his.

5260. You probably were not present, but heard that from your father?—Yes; he stated that he had a friend; that if at any time my father thought there was any speculation which would benefit him, he had a friend who could advance him money on Exchequer Bills to support that speculation. That was when my father first became acquainted with him, and afterwards he entered into a speculation, and brought those Exchequer Bills to my father, and asked him whether he was in the habit of lending money on Exchequer Bills, and he said, Oh, yes, to any amount; it was, in fact, our business.

5261. Did you understand from Solari who his friend was?—Never, at any time.

5262. Did you understand at all what was the source from which this money and Exchequer Bills were to come: was he in any ostensible business as a merchant?—He mentioned that he had a very rich friend who was willing to assist him, and we imagined those Exchequer Bills came from that rich friend for that purpose.

5263. What was the nature of the instructions given to you—Was there any general line of instructions with regard to borrowing money, or were the instructions varying from time to time?—The instructions were varied from time to time.

5264. Who regulated the terms of the loans, as to the period for which they were to be made, and the interest to be paid?—I did.

5265. Was that left to your discretion?—It was left to my discretion as the acting man of business for my father.

5266. By whom were the Exchequer Bills ordinarily given to you?—Generally by the clerk, Mr. Cook; they were brought to the office and given over to me. I have been at the Stock Exchange at the time, and he would send to me to borrow a certain amount of money on Exchequer Bills, and I borrowed the money, and Mr. Cook took them to the parties and received the money.

5267. Are you able yourself to state to what extent those transactions on Exchequer Bills went?—I have only discovered it after this affair blew up. We did not know to what extent it was carried on except through ourselves.

5268. Are you aware of the extent through yourselves?—Yes.

5269. Can you state what number of the Bills scheduled to the Act, or which have been since returned to the Commissioners, passed through your hands?—164,000*l.*

5270. In what way are those bills, as far as you know, now disposed of?—Major Anderson's are 15,000*l.*

5271. Two of those appear to have been disposed of?—Yes, which I did not know of until afterwards.

5272. There appears to be fourteen of Anderson's bills in your name?—No, he sold one; we borrowed 15,000*l.* of Major Anderson, and had to account to him of course for 15,000*l.*

5273. How do you account for the remainder of those bills?—I have a statement here by which they are all accounted for.

5274. By whom is that account made out?—By Mr. Cook.

The same was read as follows:—

An Account made up under 5 Vict., Sess. 2, cap. 11, sec. 5, as to 161 Exchequer Bills received by Messrs. William and James Morgan, of Mr. Ernest Rapallo, Agent of the late Angelo Solari, deceased.

Date when received.	Number of the Bills.		Date of the Bills.	Amount.	In what manner received.	Dates of Deposit, and with whom deposited.			Period of Loan.	Rate of Interest.	Amount.
1841				£.						Per Cent.	£.
April	8284	1	15 March, 1841	1,000	Deposited as security for loan	April 10.—Major Anderson			10 April to 10 October From 10 Oct. to 10 Ap., 1842	4½	1,000
May 14	8379	1	,,	1,000							
	8385	1	,,	1,000		May 14.—Messrs. Hichens			14 October to 28 October	5	2,000
May 27	8388 to 8400	13	,,	13,000		June 7.—Major Anderson			10 April to 10 October From 10 Oct. to 10 Apr., 1842	4½	13,000
	8401	1	,,	1,000		May 29.—Messrs. Hichens			14 October to 25 November	5	1,000
	8402 to 8406	5	,,	5,000		May 31.—Messrs. Hichens.			,, ,,	5	5,000
	8407 to 8416	10	,,	10,000	These 58 bills were received in exchange for the 58 bills, the particulars of which were given (fol. 1), and as security for loans due in respect thereof to the same amount.	June 7.—Messrs. Ransom	26 June.—Bank of England	14 July.—Hichens	,, ,,	5	10,000
	8417 to 8422	6	,,	6,000		,, ,,	28 June.— ,,	16 July.—Keyser	16 July to 26 August 26 August to 14 October	4 4½	6,000
	8423 to 8428	6	,,	6,000		,, ,,	30 June.— ,,	,, ditto	14 October to 25 Nov.	5	6,000
	8429 to 8436	8	,,	8,000							
	8457 to 8460	4	,,	4,000		June 7–8.—Messrs. Hichens			14 October to 28 October	5	12,000
	8461 to 8463	3	,,	3,000		June 8.—Bank of England.	14 July.—Hichens		14 October to 25 November	5	3,000
				59,000							59,000
June 30	7092		16 June, 1841	1,000	These 12 bills were received by way of deposit, as security for loans of the same amount.	June 30.— ,,	16 July.—Keyser		16 July to 26 August 26 August to 14 October 14 October to 25 November	4 4½ 5	2,000
	7093		,,	1,000							
July 6	7094		,,	1,000							
	7095		,,	1,000		7 July.—Messrs. Mortimers	24 Sept.—Bank of England	16 Oct.—Messrs. Coutts	One month	5	2,000
	7097		,,	1,000		3 Sept.—Messrs. Hichens			14 October to 28	5	1,000
July 8	7100		,,	1,000		15 July.—Messrs. Cooper and Co.			15 July to 9 September. 9 Sept., no specific period	4 5	2,000
	7101		,,	1,000							
July 30	7067 7069 7070 7071 7098	5	,,	5,000		July 30.—Messrs. Hichens.			14 October to 28 October	5	5,000
				71,000							71,000

AN ACCOUNT made up under 5 Victoria, Sess. 2, cap. 11, sec. 5, as to 161 Exchequer Bills received by Messrs. William and James Morgan—*continued.*

Date when received.	Number of the Bills.		Date of the Bills.	Amount.	In what manner received.	Date of Deposit, and with whom deposited.			Period of Loan.	Rate of Interest.	Amount.
1841				£.						Per Cent.	£.
Oct. 13	6414	1	,,	1,000	Ditto	Oct. 15.—Messrs. Coutts and Co.			1 Month	5	1,000
	6416 to 6420	5	,,	5,000	Ditto	Oct. 14.—Mr. Bragg			25 November	5	5,000
Oct. 1	6421 to 6423	3	16 June, 1841	3,000		Oct. 21	William and James Morgan, for John Inglis.		No specific period	5	3,000
	6424 to 6432	9		9,000		Oct. 15	Coutts and Co.		1 Month	5	9,000
	6434 to 6443	10		10,000		Oct. 14	Hichens and Co.		To 14 November	5	10,000
	6444	1		1,000		Oct. 15	William and James Morgan, for John Inglis.		No specific period	5	1,000
	6445	1		1,000		Oct. 21					1,000
	6446 to 6459	14		14,000	These 67 bills were received by way of deposit as security for loans of the same amount.	Oct. 15	Coutts and Co.		1 Month	5	14,000
	6465 to 6473	9		9,000		,,	,,		,,	,,	9,000
Oct. 15	6474 to 6488	15		15,000		,,	Mr. Sherman		15 to 22	7	15,000
									From 22 no specific period.	5	
Oct.	6489 to 6492	4		4,000		,,	Coutts and Co.		1 Month	5	4,000
	6493	1		1,000		Oct. 21	William and James Morgan, for John Inglis.		No specific period	5	1,000
Oct. 21	8384	1	15 March, 1841	1,000							
	8319 to 8323	5	,,	5,000							
	6498 to 6504	7	16 June, 1841	7,000	These 15 bills were received to be deposited for loans of the like amount, but no loan raised on them.	Oct. 28	Impounded			..	15,000
	7104		,,	1,000							
	7105		,,	1,000							
	7065		,,	1,000	These 2 bills received by way of deposit for loans of like amount.	Oct. 21	Major Anderson		21 October to 10 April, 1842	4½	1,000
	7073		,,	1,000		,,	Mr. Maynard		No specific period	5	1,000
				161,000							161,000

SUMMARY of the before stated Account, shewing the particulars of the Bills, and Names of the several Parties now holding or having Claims in respect of them.

Date of Deposit.	No. of Bill.	Date of Bill.	Amount.
Major Anderson.			
1841—April 10	8284 1	15 March, 1841	£.
June 7	8388 to 8400 13	,,	15,000
Oct. 21	7065 1	16 June, 1841	
Interest paid to 10th October, 1841.			
Messrs. Hichens, and Co.			
May 14	8379 1	15 March, 1841	
,, 29	8385 1	,,	
31	8401		
	8402 to 8406 6	,,	
June 7 & 8	8429 to 8436 8	,,	
	8457 to 8460 4	,,	
July 14	8461 to 8463 3	,,	49,000
	8407 to 8416 10	,,	
,, 30	7067 1	16 June, 1841	
	7069 to 7071 3	,,	
	7098 1	,,	
Sept. 3	7097 1	,,	
Oct. 14	6434 to 6443 10	,,	
Interest paid to 14th October, 1841.			
Mr. Keyser.			
July 16	8417 to 8428 12	15 March, 1841	14,000
	7092 1	16 June, 1841	
	7093 1	,,	
Interest, I believe, to 14th October, 1841.			
Mr. Cooper.			
1841—July 15	7100 1	16 June, 1841	2,000
	7101 1	,,	
No Interest has been paid.			

Date of Deposit.	No. of Bill.	Date of Bill.	Amount.
Mr. Bragg.			
1841—Oct. 14	6416 to 6420 5	16 June, 1841	£. 5,000
No Interest paid.			
Mr. Sherman.			
Oct. 15	6474 to 6488 15	16 June, 1841	15,000
No Interest paid.			
Mr. Inglis, by William and James Morgan.			
Oct. 21	6444 1	16 June, 1841	
	6421 1	,,	
	6422 1	,,	
	6423 1	,,	6,000
	6445 1	,,	
	6493 1	,,	
Paid to 31st December, 1841.—J. W. C.			
Messrs. Coutts and Co.			
Oct. 15	6414 1	16 June, 1841	
	6424 to 6432 9	,,	
	6446 to 6459 14	,,	
	6465 to 6473 9	,,	39,000
	6489 to 6492 4	,,	
	7094 1	,,	
	7095 1	,,	
No Interest paid.			
Mr. Maynard.			
Oct. 21	7073 1	16 June, 1841	1,000
No Interest paid.			
1841—Oct. 21	6498 to 6504 7	16 June, 1841	7,000
	7104 1	,,	1,000
	7105 1	,,	1,000
	8319 to 8323 5	15 March, 1841	5,000
	8384 1	,,	1,000
			15,000

Impounded by Lords of the Treasury, 28 Oct. 1841.

Examinations.

Mr. J. W. Cook. 17th June, 1842.

Mr. *John William Cook* further examined.

5275. Will you look at the account which has been put in by Mr. Morgan (*the same being shown to the Witness*), and state whether that was made out by you?—It was.

5276. What is your situation with Messrs. Morgan?—I am clerk to Messrs. Morgan.

5277. Have you the custody of their books?—Yes.

5278. Is that account taken from their books?—It is.

5279. Those books are kept by yourself regularly?—Yes.

5280. Does that account contain a correct account of the transactions of Messrs. Morgan with respect to the documents purporting to be Exchequer Bills referred to in the schedule?—Yes.

5281. What number appear by that account to have gone into circulation through Messrs. Morgan, of the bills which are noted in the schedule to the Act of Parliament?—There are 161 bills which Messrs. Morgan have received from Mr. Rapallo.

5282. In addition to that, were there three which came into the hands of Mr. Edward Lloyd Morgan from Tomkins?—Yes; those are not included.

5283. Were all the 161 bills 1000*l.* bills?—They were.

5284. Were they all received from Rapallo?—They were.

5285. How many do you put to Major Anderson's account?—Fifteen.

5286. Did you not get back one from him, and give him 500*l.* in money and a 500*l.* bill?—Yes; there are 15 in the schedule; there was one purchased after one had been parted with, No. 7065.

5287. What was the number of that which got back from Major Anderson to you?—That was a bill changed with the March bills.

5288. What did you do with that which you got back, and what was the exchanged number?—That was a bill I returned to Rapallo. I cannot state the exact number.

5289. That bill is not in this schedule?—Certainly not.

5290. Then only 14 are in this schedule to the account of Anderson?—Just so. No. 7065 belongs to Major Anderson.

5291. That never reached his hands?—No.

5292. That leaves only 14 of those in the schedule to the account of Major Anderson?—Just so.

5293. There are 16 to Squire's account in the schedule?—Yes.

5294. Hichens and Harrison, 49?—Yes.

5295. Keyser 14?—Yes.

5296. Bell and Steward?—Three; those were purchased in the market.

5297. Bragg?—Five.

5298. Sherman?—Fifteen.

5299. Coutts and Co.?—Thirty-nine.

5300. Maynard?—One.

5301. Cooper?—Two.

5302. That leaves in your own hands six?—Yes.

5303. You claim six on your own account?—Yes; Mr. Morgan claims six.

5304. Of those six bills there has been a transaction between you and Sherman as to five?—Yes.

5305. With respect to the other, there has been no transaction with Sherman?—No.

5306. Were those six bills carried in to be examined?—Mr. Morgan has one in his possession, and five of them have been examined.

5307. You handed over those five to Sherman as an additional security, did you not?—No; Messrs. Hichens went up with five bills, and Mr. Maubert marked them.

Mr. *Morgan*. I can explain how Mr. Sherman came to have possession of those bills. He came to the office and asserted, with reference to some bills, that he had been up to the Exchequer, and could not get them examined. My father said, "I do not think you need be under any fear, for I have had mine examined."

5308. Were you present?—Yes. Mr. Sherman said, "If you will lend me the five, I should like to compare mine with them, to see whether there is any difference." He did so; and my father said, "If you like to have those five you may do so; I am satisfied with mine;" and Sherman was going to give us five of his bills; but as he was going up again to the office my father said, "It may be satisfactory, as you are going up to get those five examined," with the 15 he had. He agreed to do so. He took them up, but could not get them marked; and he took them up again on the Monday, and said there was so much confusion he could not get an answer whether they were good or bad, and he has kept them; he kept them in his possession, he now says, as an additional security; but he was ready to give up the others, and was to have done so.

5309. What do you find to be the actual number in the Schedule?—Mr. *Cook*. There are 161 bills in our list; Bell and Steward's three, and then there are six of those not in the Schedule, making the number in the Schedule, in fact, 158.

5310. Were you with Messrs. Morgan at the commencement of their transactions with Solari?—Yes, I have been there 17 years.

5311. All those bills have been brought to Messrs. Morgan's by Rapallo, either since Solari's death, or since the time he began to act for him?—Yes.

5312. Were you yourself present at any conversation between Solari and Messrs. Morgan, at which he explained to them the particular nature of his business, or from whence those large funds came?—No.

5313. Did you ever hear Messrs. Morgan make any observations to Solari as to those large sums, or the source from which they came?—No.

5314. Did you ever hear them ask whether Solari was the principal, or who was his principal?—No.

5315. What was the largest amount that Mr. Rapallo ever brought at any one time?—The last I should say was the largest amount, 60.

5316. At what time was that?—That would be on the 13th of October, 1841.

5317. What was the amount of the loan account to the debit of Solari at that time?—71,000*l.*

5318. Was not it more?—No.

5319. There was then 71,000*l.* remaining in your hands or negotiated by you on which money had been advanced to Rapallo?—Yes.

5320. Were you present when he brought the 60,000*l.* bills?—Yes.

5321. Who was in the office?—He gave them to me?

5322. Was either of the Messrs. Morgan present?—No, I think not. I gave them to Mr. Morgan.

5323. What passed between Rapallo and either of the Messrs. Morgan relative to the further loan then required?—The conversation was between Mr. Rapallo and Mr. Morgan.

5324. Were you present?—Not to my knowledge.

5325. Were you cognizant as well of the transactions on foreign stock as of those on Exchequer Bills?—Yes.

5326. At that time what was the state of Mr. Rapallo's operations in Spanish stock; how much was there delivered to him, or to you for him?—Between the 14th and 15th I think I took about 68,000*l.* Spanish.

5327. Was 68,000*l.* delivered to Rapallo?—Taken for him.

5328. Had you delivered them over to him?—Partly.

5329. Part were delivered over to him, and part were taken by the house of Morgan for him?—Yes.

5330. So that in point of fact, without reference to other property or other transactions, he was entitled to 68,000*l.* of foreign stock, and he was debtor upon Exchequer Bills to the amount of 71,000*l.*?—The Spanish was taken after the 71,000*l.* in October.

5331. The question is, what was the exact position of Rapallo on the 13th of October; he was debtor to the amount of 71,000*l.* on Exchequer Bills?—He was.

5332. What was the state of Rapallo's operation in foreign stock on the 13th, when he came to ask for a further loan of 13,000*l.*?—On the 14th and 15th he took 68,000*l.* Spanish.

5333. On the 13th, what Spanish stock had he?—None on the 13th.

5334. On the 13th he stood owing 71,000*l.* on Exchequer Bills?—Yes.

5335. On the 13th he came and asked for a further loan of 60,000*l.*?—Yes.

5336. Was that loan made?—The money was borrowed on the 14th, 15th, and 16th, up to the 21st, which was the last day.

5337. During the time you were making purchases of foreign stock for him, were the loans on Exchequer Bills going on?—We had bought the Spanish before, and had to take the Spanish on the 15th.

5338. It had been agreed for before?—Yes.

5339. It was bought for Rapallo?—It was bought for Solari; Mr. Morgan always considered Mr. Rapallo as acting for Mrs. Solari, as administratrix of Mr. Solari; we never considered Mr. Rapallo as the party, but acting for the administratrix of Solari.

5340. When you say it was bought for the 15th, had Messrs. Morgan made themselves liable for the payment for that stock?—Undoubtedly.

5341. (*To* Mr. *Morgan.*) On the 13th of October you say, Mr. Rapallo came to you to make an application for a loan. Will you state the circumstances connected with that application?—On the 13th of October Mr. Rapallo called at the office to make a loan; he applied to my father; he asked him, of course, what the loan was to be on, and he said, on Exchequer Bills.

5342. Were you present?—Some of this is from hearsay from my father, but I know that the facts are substantially correct. He came to my father and asked, whether he could borrow money on Exchequer, having to take Spanish stock, not only from us but other parties? My father was in the habit of borrowing money from the Bank of England and other quarters on Exchequer; he went over to the Bank of England to make the inquiry. We asked him when he should want it; he said, "I do not want it for a day or two." My father said, "It is no use your paying extra interest," and he went over again when he wanted it, and unfortunately it was a day or two after the Bank had ceased lending money on Exchequer. Mr. Rapallo was very much disappointed at not getting the money, and my father and myself had to go to other quarters to get it; that was on the 15th.

5343. How much did Rapallo owe you at that time?—71,000*l.* on Exchequer.

5344. That was, in fact, an additional advance by you of 60,000*l.*?—Yes.

5345. You say, he came to you and said he wished to take up stock?—Yes.

5346. Had you previously to that purchased any foreign stock for him?—Yes, this stock was to be paid for.

5347. How much had you purchased?—I cannot state that without reference to Mr. Cook, but I should say very nearly 100,000*l.* Spanish at that time; but a portion had been sold on the account day and he did not take this, on which he had to pay the difference; but he had Spanish stock that day, and he had some Mexican stock; I think that was all, but Mr. Cook kept the account.

5348. How long before the 13th had that stock, whatever was the amount of it, been bought by you for him?—I think it must have been bought about a fortnight before.

5349. Had you become liable for it?—Yes, I was liable for it.

5350. In effect, you had advanced to that amount to him already, or had become liable?—Yes, I should either have had to borrow the money myself to pay for the stock, or he must have paid me the money.

5351. The amount received on the Exchequer Bills went to discharge your liability?—Yes, part with himself and part with another.

Examinations.

Mr. J. W. Cook.
17th June, 1842.

5352. Will you state more distinctly when you made those purchases, and when you received instructions to make them—to whom were the instructions given for making the purchase for him?—I should think most likely to my father; I made the purchases.

5353. From whom did you receive instructions?—From my father or from Mr. Cook.

5354. The effect of making those purchases by you was to make you liable on the Stock Exchange?—Yes.

5355. (*To* Mr. *Cook.*) Some time before the 13th, instructions had been given by Rapallo for the purchase of foreign stock?—Yes.

5356. Can you tell when it was?—No, I have not got the foreign book here; we had to take on that day 120,000*l.* on account of Rapallo, that made 68,000*l.* we actually paid for.

5357. What would the value in sterling of that be?—The value of 120,000*l.* would be about 25,000*l.*

5358. You had become liable for him or paid to the extent of 25,000*l.*?—Yes, we had paid part.

5359. Had you either become liable or paid 25,000*l.* in addition to the 71,000*l.* before he brought you further security?—Yes, I should not be surprised if it was more, for we had some Columbian to take, but I have not the foreign account book with me; I recollect there was 5000*l.* Columbian, which was worth about 1250*l.*; 3765*l.* Mexican, worth about 950*l.*; about 26,700*l.* altogether.

5360. At the time he came about the further loan, did he bring any money to provide for the liability, or did he rely entirely for the money to be borrowed on Exchequer Bills?—Mr. *Morgan.* He relied on the Exchequer Bills.

5361. He brought no money at that time?—No.

5362. Did he ever give you instructions to sell any Exchequer Bills?—Never until at the last I said to him, "There may be some difficulty in borrowing money on Exchequer, as the market is in so bad a state."—"In that case" says he, "we must sell them." That is the only time I ever heard any hint or remark of selling.

2363. On what day was that?—I think that was on Friday, the 22nd of October. The origin of that was, that I had agreed to pay off Mr. Sherman 15,000*l.* on that very day; I went to Mr. Rapallo on the Thursday and said, "Mind you provide me the money for Mr. Sherman; I have agreed with Mr. Sherman for 15,000*l.* at 7 per cent., which is a high rate of interest; it is the only sum on which I am paying that, and I must pay him off." He said, "You may depend upon it, you shall have the money." But he did not bring it; I went to Mr. Sherman and said, "I am sorry I have not the money for you." He said, "Oh, never mind, let it go on for a few days provided you pay me off in Bank notes."

5364. Those Exchequer Bills, in point of fact, were never sold?—They were not.

5365. What degree of knowledge had you as to the possession by Rapallo of those Exchequer Bills, where he got them from, or what was the company, or the firm, or the house to which all this mass of property belonged?—We imagined they came through Mr. Solari, and after Solari's death, we hardly knew whom to conduct the account through. We applied to Mrs. Solari previous to that: Mr. Solari was taken ill some little time previous to his death, in October, 1840.

5366. How long was this before Solari's death, a month or a year?—I think it must have been a year, probably. Mr. Solari was ill and did not attend so much to business, and he wrote us a letter appointing Mr. Rapallo to conduct the business for him.

5367. Have you got that letter?—We have that letter in our possesssion, but it is not here; I will produce it another day.

5368. After Solari's death, did you take any pains to inquire at all into Mrs. Solari's circumstances, or how she was left?—We knew that she was very comfortably off.

5369. How did you know that?—From her appearance more than anything else.

5370. What was due to you upon the balance of account at the death of Solari?—I really do not know.

5371. Was any balance due to you at the time of Solari's death?—Certainly.

5372. (*To* Mr. *Cook.*) Can you state what was the balance due to your house, on the 18th of October, 1840, which is understood to be the date of Solari's death?—It appears to be 44,000*l.*

5373. What was the amount, so far as you know, of stock which, the estate was then entitled to?—I cannot tell what stock he had, I can only say what stock we had engaged to take for him at that time.

5374. What property had Solari at that time, to your knowledge?—(Mr. *Morgan.*) We have no knowledge, excepting the Exchequer Bills, on which he borrowed money.

5375. In the first commencement of your transactions with Solari when you were desired to act for him in the purchase of foreign stock, did you receive anything in the shape of deposit, or security, or anything to cover you against losses?—Yes, 500*l.*

5376. (*To* Mr. *Cook.*) Are you enabled, by reference to the books, to state the amount of monies, or other available securities brought to you by Rapallo. The interest was paid in money?—Yes, he paid us every fortnight.

5377. Did he bring money to purchase stock?—Yes.

Mr. *Morgan.* He may have paid in drafts instead of bringing Exchequer Bills.

5378. In the progress of your communications with him between the time when he first began to act for Solari, and, October, 1841, when the whole concern blew up, what amount of money, and at what times did Rapallo bring to you?—(Mr. *Cook.*) I will ascertain that by reference. The date at which he began to act, was the 16th of September, 1839, the date of the letter of Solari. I have made out an account of the transactions of the house with Mr. Solari. (*Producing the same.*)

The same was read as follows:—

Paper B.

Dr. A. Solari in Account with William and James Morgan. Contra. *Cr.*

Date.		Amounts advanced on Exchequer Bills.	Commission.	Date.		Amount received on Account of Exchequer Bills.	Commission.
1836.		£. s. d.	£. s. d.	1836.		£. s. d.	£. s. d.
May 9	Cash	1,500 0 0		July 23	By cash	1,500 0 0	
June 20	,, ...	1,600 0 0		Aug. 4	,, ...	2,400 0 0	
June 28	,, ...	800 0 0		Dec. 16	,, ...	1,000 0 0	
Aug. 23	,, ...	2,000 0 0		Dec. 31	By balance carried forward to 1837	10,000 0 0	
Aug. 29	,, ...	1,000 0 0					
Aug. 31	,, ...	5,000 0 0					
Oct. 17	,, ...	2,000 0 0					
Oct. 27	,, ...	1,000 0 0					
Dec. 31	½ per cent. on 14,900*l.* .	. .	74 10 0				
		14,900 0 0				14,900 0 0	
				July 23	Cash received for Interest . .	12 6 7	
				Aug. 4	,, . .	11 4 6	
				Oct. 21	,, . .	46 13 9	
				Nov. 4	,, . .	16 17 6	
				Nov. 15	,, . .	18 1 8	
				Dec. 1	,, . .	22 12 1	
				Dec. 16	,, . .	24 2 2	
				Dec. 31	,, . .	19 3 7	
					Total amount received for Interest being at the average rate of about 4½ per cent. .	£171 1 10	

Dr. A. SOLARI in Account with WILLIAM and JAMES MORGAN—*continued.* *Cr.*

Date.		Amounts advanced on Exchequer Bills.	Commission.	Date.		Amount received on Account of Exchequer Bills.	Commission.
1836.		£. s. d.	£. s. d.	1837.		£. s. d.	£. s. d.
Dec. 31	To balance	10,000 0 0		Dec. 31	By balance carried forward to 1838.	26,000 0 0	
1837.							
March 15	Cash	2,000 0 0					
July 25	,, ...	1,000 0 0					
July 29	,, ...	9,000 0 0					
Dec. 31	½ per cent. on 26,000*l.* .	4,000 0 0					
		. .	130 0 0				
		26,000 0 0					
				Jan. 16	Cash received for Interest . .	24 15 9	
				Jan. 31	,, . .	17 3 8	
				Feb. 15	,, . .	17 18 9	
				Feb. 28	,, . .	14 4 11	
				March 16	,, . .	19 5 0	
				March 31	,, . .	19 14 6	
				April 14	,, . .	19 18 2	
				April 28	,, . .	18 8 2	
				May 16	,, . .	22 4 2	
				May 31	,, . .	17 5 2	
				June 16	,, . .	19 18 2	
				June 30	,, . .	23 0 3	
				July 17	,, . .	27 18 11	
				July 31	,, . .	21 14 0	
				Aug. 16	,, . .	37 3 9	
				Aug. 31	,, . .	32 1 1	
				Sept. 15	,, . .	35 1 1	
				Sept. 29	,, . .	32 1 1	
				Oct. 17	,, . .	60 10 11	
				Oct. 31	,, . .	39 17 9	
				Nov. 14	,, . .	35 1 1	
				Nov. 30	,, . .	32 1 1	
				Dec. 15	,, . .	42 14 9	
				Dec. 31	,, . .	45 11 9	
					Total amount received for Interest, being at the average rate of about 3¾ per cent.	675 13 11	

A. Solari in Account with William and James Morgan—*continued.* *Cr.*

Date.		Amounts advanced on Exchequer Bills.	Commission.	Date.		Amount Received on Account of Exchequer Bills.	Commission.
1837.		£. s. d.	£. s. d.	1838.		£. s. d.	£. s. d.
Dec. 31	To balance	26,000 0 0	204 10 0	May 29	By cash	15,000 0 0	
1838.				May 31	,, ...	5,000 0 0	
April 16	Cash	2,000 0 0		Dec. 31.	By balance carried forward to 1839.	59,000 0 0	
April 30	,, ...	13,000 0 0					
July 16	,, ...	4,000 0 0					
Sept. 13	,, ...	12,000 0 0					
Sept. 14	,, ...	10,000 0 0					
Sept. 18	,, ...	1,000 0 0					
Sept. 28	,, ...	6,000 0 0					
Nov. 21	,, ...	2,000 0 0					
Dec. 18	,, ...	1,000 0 0					
Dec. 19	,, ...	2,000 0 0					
Dec. 31	½ per cent. on 79,000*l.* .	. .	395 0 0				
		79,000 0 0	599 10 0			79,000 0 0	
				Jan. 15	Cash received for Interest . . .	42 14 9	
				Jan. 31	,, . . .	34 3 10	
				Feb. 14	,, . . .	29 18 2	
				April 28	,, . . .	29 8 4	
				Mar. 15	,, . . .	32 1 1	
				Mar. 30	,, . . .	32 1 1	
				April 16	,, . . .	36 5 7	
				April 30	,, . . .	32 4 4	
				May 15	,, . . .	50 11 0	
				May 29	,, . . .	47 3 6	
				June 15	,, . . .	39 2 5	
				June 29	,, . . .	34 10 5	
				July 16	,, . . .	32 4 4	
				July 31	,, . . .	30 16 5	
				Aug. 16	,, . . .	32 17 6	
				Aug. 30	,, . . .	30 16 4	
				Sept. 14	,, . . .	29 15 0	
				Sept. 28	,, . . .	67 15 7	
				Oct. 15	,, . . .	81 13 4	
				Oct. 31	,, . . .	71 0 2	
				Nov. 15	,, . . .	66 11 7	
				Nov. 30	,, . . .	68 1 2	
				Dec. 17	,, . . .	91 15 7	
				Dec. 31	,, . . .	78 14 6	
					Total amount received for Interest, being the average rate of about 3¼ per cent.	£1,122 6 0	

Dr. A. SOLARI in Account with WILLIAM and JAMES MORGAN—*continued.* *Cr.*

Date.		Amounts advanced on Exchequer Bills.	Commission.	Date.		Amount Received on Account of Exchequer Bills.	Commission.
1838.		£. s. d.	£. s. d.	1839.		£. s. d.	£. s. d.
December 31	To Balance	59,000 0 0	599 10 0	January 15 . .	Cash	5,000 0 0	
1839.				February 19 .	,, ...	2,900 0 0	
February 14 .	Cash	26,900 0 0		February 21 .	,, ...	12,000 0 0	
March 5 . .	,, ...	3,000 0 0		March 5 . .	,, ...	20,000 0 0	
March 27 . .	,, ...	5,000 0 0		,,	,, ...	11,000 0 0	
March 28 . .	,, ...	5,000 0 0		March 7 . .	,, ...	3,000 0 0	
April 15 . .	,, ...	20,000 0 0		May 31 . . .	,, ...	18,000 0 0	
May 16 . . .	,, ...	3,000 0 0		June 7 . . .	,, ...	10,000 0 0	
May 29 . . .	,, ...	3,000 0 0		June 10. . .	,, ...	10,000 0 0	
June 27. . .	,, ...	10,000 0 0		August 30 . .	,, ...	5,000 0 0	
June 28. . .				September 16 .	,, ...	5,000 0 0	
September 27 .	,, ...	1,000 0 0		September 17 .	,, ...	3,000 0 0	
October 31 . .	,, ...	12,000 0 0		September 20 .	,, ...	1,000 0 0	
November 15 .	,, ...	2,000 0 0		September 23 .	,, ...	3,000 0 0	
November 16 .	,, ...	1,200 0 0		September 27 .	,, ...	2,000 0 0	
November 23 .	,, ...	2,000 0 0		November 7 .	,, ...	1,000 0 0	
November 26 .	,, ...	2,000 0 0		November 22 .	,, ...	1,000 0 0	
November 28 .	,, ...	3,000 0 0		November 25 .	,, ...	1,000 0 0	
November 29 .	,, ...	1,000 0 0		November 27 .	,, ...	3,000 0 0	
December 10 .	,, ...	5,000 0 0		December 5 .	,, ...	5,000 0 0	
December 12 .	,, ...	1,000 0 0		December 12 .	,, ...	5,000 0 0	
December 16 .	,, ...	6,000 0 0		December 14 .	,, ...	1,000 0 0	
December 31 .	½ per cent. on 171,100*l.* .		855 10 0	December 26 .	,, ...	1,200 0 0	
				December 31 .	,, ...	3,000 0 0	
				,,	By balance carried forward to 1840 . . .	39,000 0 0	
	£	171,100 0 0	1,455 0 0			171,100 0 0	

January 15 . .	Cash received for Interest	84	17 3
January 31 . .	,, ,, .	71	0 2
February 14 .	,, ,, .	62	2 9
February 28 .	,, ,, .	101	5 1
March 14 . .	,, ,, .	54	7 1
March 28 . .	,, ,, .	60	8 2
April 15 . .	,, ,, .	76	18 4
April 29 . .	,, ,, .	106	16 10
May 16. . .	,, ,, .	142	9 5
May 31 . . .	,, ,, .	139	14 6
June 14. . .	,, ,, .	86	11 5
June 28. . .	,, ,, .	72	6 7
July 15 . . .	,, ,, .	92	9 3
July 31 . . .	,, ,, .	94	5 0
August 30 . .	,, ,, .	255	12 11
September 16 .	,, ,, .	122	19 0
September 30 .	,, ,, .	84	12 0
October 16 . .	,, ,, .	87	13 4
October 31 . .	,, ,, .	82	3 9
November 15 .	,, ,, .	100	3 10
November 29 .	,, ,, .	129	18 5
December 16 .	,, ,, .	140	6 2
December 31 .	,, ,, .	138	1 8
	Total amount received for Interest, being the average rate of about 5¼ per cent.	2,387	2 11

Dr. — *A. Solari in Account with William and James Morgan,—continued.* — *Cr.*

Date.		Amounts advanced on Exchequer Bills. £.	s.	d.	Commission. £.	s.	d.	Date.		Amount Received on Account of Exchequer Bills. £.	s.	d.	Commission. £.	s.	d.
1839.								1840.							
Dec. 31	To Balance	39,000	0	0	1,455	0	0	Jan. 7	Cash.	1,000	0	0			
1840.								Feb. 14	,, ...	9,000	0	0			
April 15	Cash.	9,000	0	0				April 3	,, ...	2,000	0	0			
July 31	,, ...	5,000	0	0				April 14	,, ...	3,000	0	0			
Aug. 3	,, ...	3,000	0	0				Oct. 30	,, ...	1,000	0	0			
Aug. 28	,, ...	1,000	0	0				Nov. 17	,, ...	2,000	0	0			
Aug. 29	,, ...	1,000	0	0				Dec. 31	By balance carried forward to 1841	49,000	0	0			
Aug. 31	,, ...	1,000	0	0											
Oct. 22	,, ...	6,000	0	0											
Nov. 27	,, ...	2,000	0	0											
Dec. 31	½ per cent. 67,000*l.* . .	..			335	0	0								
		67,000	0	0	1,790	0	0			67,000	0	0			
								Jan. 14	Cash received for Interest . .	122	9	3			
								Jan. 31	,, . .	96	8	8			
								Feb. 14	,, . .	72	17	5			
								Feb. 28	,, . .	53	12	8			
								March 16	,, . .	62	11	3			
								March 31	,, . .	59	11	9			
								April 15	,, . .	56	6	0			
								April 30	,, . .	60	0	0			
								May 15	,, . .	54	5	0			
								May 29	,, . .	50	1	6			
								June 15	,, . .	76	17	0			
								June 30	,, . .	66	14	3			
								July 15	,, . .	63	5	3			
								July 31	,, . .	57	1	5			
								Aug. 17	,, . .	75	7	5			
								Aug. 31	,, . .	62	9	0			
								Sept. 15	,, . .	90	8	2			
								Sept. 30	,, . .	90	8	3			
								Oct. 16	,, . .	96	18	9			
								Oct. 30	,, . .	97	16	1			
								Nov. 16	,, . .	114	2	2			
								Nov. 30	,, . .	127	14	6			
								Dec. 16	,, . .	128	17	5			
								Dec. 31	,, . .	120	16	6			
									Total amount received for Interest, being at the average rate of about 5 per cent. .	1,956	19	8			

Examinations.
17th June, 1842.

Dr. A. SOLARI in Account with WILLIAM and JAMES MORGAN—*continued.* Cr.

Date.		Amounts advanced on Exchequer Bills.	Commission.	Date.		Amount Received on account of Exchequer Bills.	Commission.
1840.		£. s. d.	£. s. d.	1841.		£. s. d.	£. s. d.
Dec. 31	To balance	49,000 0 0		Oct. 15	By balance carried forward . .	72,563 16 4	
1841.					Commission carried to debit of cash account	. .	
March 6	Cash	9,000 0 0				. .	1,790 0 0
May 14	,, ...	1,000 0 0					
June 30	,, ...	2,000 0 0					
July 7	,, ...	250 0 0					
July 9	,, ...	750 0 0					
July 30	,, ...	7,000 0 0					
Sept. 29	,, ...	490 5 2					
Oct. 13	,, ...	1,000 0 0					
Oct. 15	Interest account . .	141 15 7					
	,, . .	141 15 7					
	Commission account .	1,790 0 0					
		72,563 16 4				72,563 16 4	1,790 0 0
				1841.			
				Jan. 14	Cash received for Interest . .	£112 15 4	
				Jan. 29	,, . .	90 12 5	
				Feb. 12	,, . .	84 9 6	
				Feb. 26	,, . .	93 19 4	
				March 16	,, . .	125 4 1	
				March 31	,, . .	127 2 6	
				April 15	,, . .	110 12 2	
				April 30	,, . .	101 10 1	
				May 14	,, . .	101 10 1	
				May 31	,, . .	159 15 1	
				June 15	,, . .	121 4 8	
				June 30	,, . .	121 4 7	
				July 15	,, . .	126 4 8	
				July 30	,, . .	110 5 1	
				Aug. 16	,, . .	132 0 8	
				Aug. 31	,, . .	129 8 11	
				Sept. 15	,, . .	141 15 7	
				Sept. 30	,, . .	141 15 7	
				Oct. 15	,, . .	141 15 7	
					Total amount received for Interest, being the average of about 4½ per cent. . . .	£2,273 5 11	

A. Solari in Account with William and James Morgan—*continued.*

1841.	Amounts advanced on Exchequer Bills.	£.	s.	d.		£.	s.	d.
Oct. 15	To balance brought forward .	72,563	16	4				
	Cash	16,541	18	8				
	,, ...	11,000	0	0				
	,, ...	5,000	0	0				
	,, ...	1,000	0	0	Exchequer Bills	146,000	0	0
Oct. 16	,, ...	20,000	0	0				
Oct. 21	,, ...	5,000	0	0				
Oct. 29	,, ...	15,000	0	0				
	,, ...	107	18	0				
	,, ...	1,000	0	0				
		£147,213	13	0				

5379. Did he ever bring you money for any other purpose than that of paying interest?—Yes, he has paid off loans.

Mr. *Morgan.* Some years he paid off very largely.

5380. He would sometimes bring fresh Exchequer Bills to pay off former loans?—Certainly, but not always.

5381. In what proportion would he bring money instead of new Exchequer Bills?—I cannot tell. At one time he used to bring a good deal of money during the exchanges.

Mr. *Morgan.* Very frequently at the time of the exchanges, he would bring us money entirely and pay them off, or he would bring half money and half bills.

5382. (*To* Mr. *Cook.*) In what way was the interest settled?—Sometimes he gave us a cheque for it, and sometimes we deducted it from the amount we had to pay him. The account was paid regularly every fortnight, according to the account I have delivered in.

5383. Is this account extracted from the books of the house?—It is from the cash book which I have brought with me. (*The Witness produced the same.*)

5384. Was this cash book kept by you?—It was.

5385. It contains a true account of the transactions of the house?—It does.

5386. (*To* Mr. *Morgan.*) In the course of those large transactions with Rapallo, and previously with Solari, they of course received some remuneration, what was the mode of remuneration of the house?—They received a commission.

5387. How was that commission calculated, did they receive a regular broker's commission?—They received a regular broker's commission in stocks.

5388. On loans on Exchequer Bills?—(Mr. *Cook.*) They received a half per cent. on the amount for the year.

5389. Did your profit consist of the difference between what you received from him, and what you paid for others?—Mr. Morgan charged a half per cent. on the amount of money in the course of the year, so that if there was a debit of 5000*l.*, it would be a half per cent. upon that, not on every time it was exchanged in the course of the year, but upon the amount of the year's transactions.

5390. It was a sort of brokerage?—Yes.

5391. You did not deal as a money dealer, making what profit you could upon the transaction?—No, we generally charged it at the same interest as we paid for it, in general, I will not say in every transaction.

5392. You were paid a brokerage calculated on the principle you have stated, at the rate of a half per cent. per annum?—Yes.

Mr. *Morgan.* It was better for us to settle our account with Mr. Rapallo, to charge him a half per cent. at the end of the year for whatever interest we paid to other parties, we charged him just the same without any remuneration on the particular transaction. He paid us every fortnight. Those Exchequer Bills we were constantly exchanging in the house with one party and another; we never received anything for those exchanges, but only charged on the amount on the debit side of the account, in the course of the year.

5393. During your transactions, the account was from time to time settled upon the principle you have described?—Every fortnight.

Mr. *Cook.* The interest was paid every fortnight.

5394. Have the entries of charges for commission been put in now for the first time, or are they taken from the books?—They are in the ledger.

5395. Have any accounts including those charges, been from time to time settled?—I do not think the commission has ever been settled, that, Mr. William Morgan will explain.

5396. Besides the commission, you would get the difference if there was any between the rate at which you borrowed money, and that at which you lent it?—I think we used to make the average every fortnight, of what we received and what we paid.

5397. The course of transactions was such, that you cannot show that you received nothing in the shape of interest beyond that which you paid?—No, I do not think I could make up that account, but I have every reason to believe it was the same. I think we have charged him very much the same as we paid.

5398. You received no other kind of remuneration upon those Exchequer Bill transactions besides those which are stated?—None whatever.

[Mr. *Cook withdrew.*]

Examinations.

Mr. E. L. Morgan.
17th June, 1842.

5399. (*To* Mr. *Morgan.*) After Solari's death, did you know at all from whence the Exchequer Bills brought to you, actually came?—No, we never heard.

5400. Rapallo brought them to you, and you made no inquiries?—No. We heard previously that a friend of Solari's used to lend him those Exchequer Bills to conduct a speculation. We believed that they were Mrs. Solari's bills, and that Rapallo merely conducted the operation.

5401. Had he any other brokers employed in carrying forward any other transactions in foreign stock?—I did not know till after this discovery, that Mr. De Berckem dealt for him. I found that out afterwards. I knew several other brokers who dealt for him in stock.

5402. Did they deal for him also in Exchequer Bills?—No.

5403. During Solari's life, were you personally acquainted with him, and in the habit of personal intimacy?—Never; I never visited either him or Mr. Rapallo in my life.

5404. Did you visit Mrs. Solari?—Never; we knew them only in business.

5405. Did you know at all what sort of an appearance in the world Solari made; what sort of house he lived in?—No; I did not know where he lived.

5406. You did not not know anything of him, except that he brought you what you considered good security?—Just so.

5407. And the same respecting Rapallo?—Yes.

5408. Did you, after Solari's death, consider Rapallo the party liable to you or Solari's executor?—Solari's executor. Mrs. Solari was alone liable to us; we had no transactions with Rapallo.

5409. You did not do it on the credit of Rapallo?—No, certainly not.

5410. After Solari's death, what authority had you to deal with Rapallo as representing Mrs. Solari?—Mrs. Solari wrote us a letter, which I will produce another day.

5411. As you considered Mrs. Solari as liable to you, had you ever the curiosity to make inquiries to ascertain what sort of circumstances she was in, and how far she was likely to pay?—Having those Exchequer Bills in our hands we were not so particular on that subject, considering them as good Government security.

5412. There would be the interest from time to time?—That was of course settled by Mr. Rapallo, or we should not have given up the bills. The interest was always regularly paid. They were both of them most punctual in business.

5413. In respect of stock transactions, did you not incur liabilities in the purchases of stock?—Yes, but we had always Exchequer Bills deposited in our hands as security.

5414. It appears from the account of the 13th of October that for several days you must have been liable to a large amount without any cover?—Of difference.

5415. Had you agreed for stock for him?—Yes, but if he had not brought us the money we should have sold the stock again on the Stock Exchange, and that would have been our only difference. If there is a fall in the stock from the price he buys it at to the price it closes at there is a difference, for which we are liable.

5416. Were those purchases on stock real transactions, or time bargains?—Principally time bargains; they go on from fortnight to fortnight, but if at that time he brought us Exchequer Bills and wished to take stock, we used to raise the money and take the stock out of the market.

5417. In the mean time you had become liable for the stock?—Yes, we were liable for the difference of course.

5418. All his stock transactions were conducted by and through you?—No, not all; he had many brokers. It was to supply those brokers with money he borrowed the last time.

5419. Who were the other brokers who purchased stock for him?—I will give the names if it is desired. Mr. Waller, Mr. Rochas, Mr. William Heseltine, Mr. Peacock, and, I think, Mr. Godwin used to do business for him.

5420. Did they do business in the purchase of stock for him?—Yes. I am very much astonished to find that with one or two parties who were men of very good standing in the Stock Exchange he should not have had any transactions in Exchequer; it appeared to me singular because one or two of them were in very good credit.

5421. In the different transactions when you borrowed money, and received a sum of money on Exchequer Bills which had been deposited by Mr. Rapallo, what did you do with the money?—I took it to the office, generally speaking. When I borrowed money, and negociated a transaction, I told them at the office, and they sent the Exchequer Bills to the offices of the parties and received the money from the parties.

5422. You generally were the only party who negociated the transaction?—Just so.

5423. From whom did you receive instructions for the transaction?—I received them in the office. I may have received my instructions in the office from Mr. Rapallo if he came in.

5424. Who is the party who can give the best information as to the manner in which those sums of money raised on the Exchequer Bills were disposed of?—Mr. Cook, and my father.

5425. When you purchased stock on account of Rapallo of whom did you receive the money to pay for it?—I received it at the office?—

5426. And your instructions to purchase it would come through the office?—Yes.

5427. If you were asked whether the speculations in those purchases in the foreign market tended to loss or profit, could you give an answer to that?—It is impossible to say, but I should not say that there was any very great loss in comparison to the amount of money he has been borrowing on Exchequer Bills.

5428. Would there be a profit?—No, I do not think there would be a profit, but there would be but a trifling loss.

5429. Would that appear from the books of your house?—I presume it would as to some of the transactions. From the first period of their borrowing money from us we must have

delivered them a very large quantity of stock which has not come through us to be sold; it might have come through those various brokers whose names I have mentioned, therefore I could not tell how the transactions turned out.

5430. When you say there was probably a trifling loss you refer to those transactions in which you had both the purchase and the sale?—Just so.

5431. The total amount you laid out for him in stock would appear from your books?—Yes.

5432. Would that, together with the money paid him from time to time, be equal to the whole value received from him in Exchequer Bills?—I should think very nearly. There may be various losses as well as loss of interest on Exchequer; that would be the principal item.

5433. The much greater part of the money for which stock was sold was employed in Exchequer Bills?—Yes; I recollect purchasing an immense number of shares for him; he inclined to have the whole of the shares in his hands; I think it was British asphalte, and there were others of which I have not known till lately.

5434. After purchasing stock for him, he would sometimes direct you to sell the stock?—Yes, but very frequently, instead of that he would bring Exchequer Bills, and take away stock from us, and in that case I did not know anything of the stock; probably it was sold under another party. I have no doubt there were a variety of other brokers employed for him whose names I do not know.

5435. In what way was the money produced by sale of stock generally applied?—It wa generally paid over to him, or, when not paid over to him, credit given him on account.

5436. Can you give information as to the particular transactions in loans on Exchequer Bills in which you were engaged?—Those circumstances, all appear in the Table I have given in.

5437. Are there any circumstances referred to in the Table you have given in which you would wish to state to the Commissioners?—With reference to Mr. Keyser's bills, 14,000*l.*, on the Friday, the 22d, after the bills were borrowed, he came to the office, after seeing a paragraph in the "Times" newspaper, and felt uneasy, and asked me who my principal was. I told him it was not common for brokers to give up the names of their principals, but if he felt uneasy he had better go to the Exchequer Bill Office, and enquire whether the bills were good or otherwise. He did, and he came back and told me the bills were genuine. Mr. Hichens did the same with 5000*l.*, and Mr. Cooper with 2000*l.*; they told me that themselves. The 5000*l.* taken up by Mr. Hichens were tested with the counterfoils, and, under those circumstances, when Mr. Sherman came to us, we had no objection to give him up 5000*l.* other bills; they appeared to us one as good as another. As to Mr. Sherman saying that the 5000*l.* were an additional security that is preposterous, no one thinks of giving 20,000*l.* for 15,000*l.*; we considered them all equally good.

5438. Can you state where you got No. 7065, which is one of those deposited with Mr. Squire?—That was Major Anderson's bill.

5439. From whom did you receive that?—That came from Rapallo; but the way in which that was in Messrs. Ransom's hands was this. We had borrowed a loan of 5000*l.* from the Bank of England on some Exchequer Bills of Ransoms, and wanted to pay them off before the time expired at which we had borrowed them at the Bank of England; we could redeem only one of those bills, and we gave them one of Mr. Rapallo's till the other loan became due. Unfortunately this matter had blown up, Mr. Squire had got this bill, and Coutts's had got Mr. Squire's bill instead. We were obliged to pay off Mr. Squire's 1000*l.*, and redeem this bill.

5440. Has Mr. Cook been allowed to do business with his own connections?—Yes.

5441. And to take the commission?—Yes, of course.

5442. The transaction with Bell and Steward was of that kind?—Yes, I transacted the business in the Stock Exchange with Mr. Tomkins, but it was for Mr. Cook.

5443. Is that the case with respect to any other bill in the Schedule that the connection with your house was only a connection of Cook?—I think the business of Major Anderson was with Cook; whatever was received was by him.

5444. Major Anderson's you consider to have been merely as a private transaction of Cook's.—Yes.

5445. When Major Anderson afterwards came to the office had you personally any communication with him?—No.

5446. Is there any other transaction of the same kind in which Cook was really the party, and not your house?—I think with Mr. Maynard a 1000*l.* bill; I do not recollect any others. With respect to those biils which Major Anderson has got, he called and told us he had some money in a bank in Scotland he wished to lend on some security; we accordingly redeemed these from the Bank of England, in order that he might have them. We redeemed them with Major Anderson's money, and paid over the bills to him.

(Mr. *Cook was again called in.*)

Mr. J. W. Cook.

5447. You have stated that the transaction with Bell and Steward was your private transaction, on which you had a commission?—Yes.

5448. Was that the case with respect to Major Anderson's?—He is a friend of mine; I do not think I got anything by that; I charged the same interest I gave; he was a private friend of mine, through Bell and Steward.

5449. Was Maynard's a transaction of your own, in which you got a commission?—No; I think I got nothing; it was 5 per cent. and 5 per cent.

5450. In all those cases the bills handed to the parties were received through the house of Morgan?—Yes.

5451. As far as you saw of the stock transactions, were they a losing concern or not?—I

Examinations.

Mr. J. W. Cook. 17th June, 1842.

should say that he lost money, taking into account the interest he paid; I do not see how an accurate account could be made out by us, we having only transacted part of the business, and not knowing what became of the stock when we had purchased it.

5452. What is the state of the account between Rapallo and Messrs. Morgan at this moment?—That will not appear in that account. I cannot say what it is.

5453. Mr. William Morgan can give the best account of that?—I should think so.

5454. The house of Morgan and Company claim on six Exchequer Bills; what consideration have they given for those Exchequer Bills as between them and Rapallo?—It appears by the Exchequer Bill account I have given in Mr. Morgan has paid 147,213*l.* for the Exchequer.

5455. There appears by the account you have produced to be 6000*l.* advanced on the Exchequer Bills, Nos. 6421, 6422, 6423, 6444, 6445, and 6493; was that paid to Rapallo?—It was paid in the general account. I cannot specify how it was paid; there is no specific 6000*l.*

5456. Can you state the state of the account between Messrs. Morgan and Rapallo on the 3th of October?—The account against him was 147,213*l.* 13*s.*, against which we held 146,000*l.* Exchequer Bills; there was therefore a balance against him of 1213*l.* 13*s.*

5457. Did he place that number in your hands for the purpose of raising a specific loan upon them?—No, a loan in general.

5458. When did you receive those particular numbers?—On the 13th of October.

5459. For what purpose did you receive them?—To raise money upon them.

5460. How many others did you receive at the same time?—Sixty-one, on the 13th and the 15th.

5461. For what purpose were those bills placed in your hands?—To raise money.

5462. Did you raise the money upon them?—Yes.

5463. From different parties?—Yes.

5464. The sums obtained upon them were paid to Rapallo?—Yes.

5465. By what means?—By draft and by Bank notes. I have with me the pass books of the house to show the cheques for all the transactions if it is desired.

[*The Witnesses withdrew.*]

William Hichens, Esq., sworn and examined.

W. Hichens. Esq

5466. The Commissioners understand that you have taken an active part in the transactions which have been referred to with Mr. Morgan on loans of money?—Yes. Our business is transacted in three departments; my brother generally manages the correspondence and the ordinary routine of correspondence, Mr. Harrison has the books and the charge of the securities on loan transactions, and I attend to the business in the Stock Exchange as to borrowing or lending money, or buying or selling stock.

5467. You have seen the account of the transactions with Mr. Morgan which has been made out by Mr. Harrison as the transactions of your house?—Yes.

5468. So far as you were concerned does that give an accurate account of the transactions?—It is an accurate transcript of our transactions as they appear on our books.

5469. As far as your own knowledge goes?—Yes. Of course I cannot carry in my mind such a multitude of transactions, but it is taken from my diary. If I have taken 20,000*l.*, or 30,000*l.*, or 40,000*l.*, I put it down in my diary, and then come in and state to Mr. Harrison that I have done so, and it is posted into our own books.

5470. Had you been in the habit of having other transactions for any length of time with Edward Lloyd Morgan?—From the first of his coming into the house when he succeeded his father. We did business with him in the usual way in which we transacted business with any other broker or any member of the Stock Exchange.

5471. Do you remember how long he has been a member?—I think he came into the house about 1835 or 1836; but he was in the house as a clerk to his father before that; I believe his coming in as a member of the house arose from the circumstance of his father being unfortunate.

5472. Is there anything connected with the transactions with your house, particularly within your own knowledge, which you wish to state?—The only thing I would wish to impress upon the Commissioners is that we never had the slightest reason to suspect Mr. Morgan of being otherwise than an honourable man, or that his transactions were not *bonâ fide* with the parties from whom he had his loans. I knew he had the whole of the business of Messrs. Ransom, and frequently it has been the case the stock has gone from the partners' name into mine, which was a proof that the transaction was genuine. I have seen Mr. Morgan come to the Stock Exchange saying, "I want 10,000*l.* or 15,000*l.* for the west end of the town, can you give me Bank notes, as they do not clear in the City;" and he has come in at ten or half-past ten: I have said, "Morgan, there are ten thousand money due to-day; shall you continue on to-day?" He has said, "I really cannot tell you till Mr. Squire comes." The west end of the town bankers do not come in till 11 or 12 o'clock.

5473. From this and other circumstances you considered him as acting for a respectable banking house at this end of the town?—Yes, I presumed that all his loans were of that description. Bankers go to their brokers to lend their money for a few days, and I presumed that his might be of that description. I considered the bulk of them to be for his banking connections.

5474. In what way was the rate of interest regulated?—It was precisely the rate at which we lent to any other person. Our market varies very much at times; sometimes money can-

not be lent at 2 per cent.; at other times, probably, without any visible cause, it has risen to 6, or 8, or even 10 per cent.

5475. Can you state, from your own knowledge, that the interest on your loans to Morgan was regulated in the same way as your loans to others?—Entirely. Sometimes under the rate to others, but never above it in any instance. There is no one instance, that I am aware of, where we did not lend on the same terms as the Chancery brokers, the Government brokers, and the Bank brokers.

5476. The difference of interest was the only remuneration you received?—Yes. Our business is of a character we could not afford to run a risk. To gain 1*l.* 5*s.* we must do business to the extent of 100,000*l.* If I lend 100,000*l.*, I must borrow 100,000*l.* of another party before I can realize the 1*l.* 5*s.* Our transactions would not admit of any risk.

[*The Witness withdrew.*]

Adjourned till Monday next, at 12 *o'clock.*

MONDAY, 20th June, 1842.

The EARL of DEVON in the Chair.

Mr. *William Mayo* further examined.

5477. Have you brought with you the earliest book relating to De Berckem's transactions in Exchequer Bills?—I have.

5478. So that the whole of the books are now before the Commissioners?—Yes.

5479. Have you brought with you the account you were asked for on the last occasion of the circulation to the different parties mentioned of the whole 112 bills negociated, exclusive of the 54 you had in your own hands, and the 3 redeemed by Tomkins?—Yes.

(*The same was delivered in, but returned for correction.*)

5480. Will you refer to your books, and state the date of the first transaction in Exchequer Bills between Mr. De Berckem and Mr. Mariner?—The 14th of October, 1837.

5481. Did you keep his books at that time, and have you done so ever since?—Yes.

5482. Were you the only or the principal clerk employed in keeping the books?—I kept them all nearly myself; there was a junior clerk.

5483. The entries in general were made by yourself?—Yes.

5484. Can you speak generally to the accuracy of the manner in which the books have been kept, and that they give a true account of the transactions, and that the accounts you have made out are correct according to the books?—Yes, I have no doubt of it.

5485. Was the account which was delivered in by Mr. De Berckem on his last examination made out by you?—Yes.

5486. In that account 11,000*l.* are set down to the Commercial Bank of London, are those the 10,000*l.* to the Commercial Bank, and 1000*l.* to Barnewall, which you referred to on your former examination?—Yes.

5487. Are the 7000*l.* to Tomkins and the 11,000*l.* to Tomkins, in the same account, the same with the 18,000*l.* which on your last examination you put to the account of Tomkins?—Yes.

5488. What is the meaning of the expression of 3000*l.* free, in connexion with the name of Tomkins?—It means, that we have paid him for them, that he has them on Mr. De Berckem's account.

5489. You do not admit his having any claim upon them?—None that I am aware of, unless he makes a claim for his own expenses.

5490. Do you admit that claim?—I do not know.

5491. Supposing that claim, if any, to be discharged, to whom would those bills belong?—To Mr. De Berckem.

5492. Subject to all claims; and, supposing them to be genuine, to whom would they belong?—To Mr. De Berckem, as far as Mr. Tomkins is concerned.

5493. As between Mr. De Berckem and Mr. Mariner they would belong to Mr. Mariner, as far as you know?—Yes.

5494. Are you able to show what money or other value was handed over to Mariner in respect of the particular transactions referred to; take first the 16,000*l.* handed over to Levy?—I do not know that I can separate the different items.

5495. Did you receive from Mariner, from time to time, bills corresponding with those respective transactions?—Yes.

5496. Can you show what value you handed over to Mr. Mariner in relation to those transactions?—I can show that, but not at the present moment.

5497. Was the course of dealing between you and Mariner that he put specific bills into your hands for the purpose of a specific transaction, or that he placed masses of bills in your hands?—We had bills of his in our hands, and used them under his direction to raise money.

5498. When you effected transactions with those bills, did you give him an account of them?—Yes, immediately those individual bills went to pay off other loans; I can show that the total amount has been paid him, but I do not think I can separate each transaction.

5499. You could not say that on a particular day he got credit for 16,000*l.* in respect of the particular transaction?—No, it will be quite an accident if I could say so.

Examinations.

Mr. W. Mayo.

20th June, 1842.

5500. You could not say that on a particular day he got value corresponding with the 2000*l.* of Heseltine's?—I may be, but it would be a mere accident.

5501. All you can do is to show that between one period and another Mariner did get value for the whole amount of the monies advanced on those transactions?—Yes, I can show that.

5502. Will you make out an account of the total amount of value of the 112 Exchequer Bills received from Mariner, and the total amount of money or other value handed over to him in return?—That I will do; that must be in the nature of an account comprising other transactions.

5503. That account relates to the 112 bills; can you, besides that, furnish a general account including your total receipts for Exchequer Bills and otherwise, and the total amount you paid?—Yes, I apprehend I must go to the commencement to show that which is required, for this would be the balance of former transactions.

5504. There has been no period at which the transaction was so settled and squared that you could start for that period?—No, it was never closed.

5505. Can you give an account of the amount of interest paid to Scott, Tomkins, Levy, Simonds, the Commercial Bank, Barnewall, and Heseltine?—That shall be made out.

5506. This interest account would relate to the 112 bills?—Yes.

5507. Will you make out an account of the commission received by Mr. De Berckem, and from what dates made out from the general account current?—The commission was charged on every item, the interest was charged at the same time; it is in the account current, if we borrowed money of Mr. Scott at 5 per cent. so many days it was entered into the account, and a half per cent. more, so that if I made out that account separately I must deduct it from the interest paid; the commission was charged in the shape of a half per cent.

5508. Suppose the interest paid was five per cent. you would add a half per cent. to that?—Yes.

5509. The half per cent. made your commission?—Yes.

5510. Was that commission in any way afterwards divided between you and Mr. Mariner?—Yes it was; an account was kept of the interest paid on account of Mr. Mariner, and that which was charged to his account; the difference was divided as it was convenient. We never had a regular settlement of interest or of loans; the interest was charged as we paid it into his account.

5511. Did you not pay balances over to him from time to time?—Yes, but no balance was struck.

5512. What regulated the amount handed over to him from time to time?—If we borrowed on a certain number of Exchequer Bills to make up a certain quantity of stock, if there was any overplus we should very probably give it over to him.

5513. You would receive orders from him from time to time to purchase stock?—Yes.

5514. That would be purchased out of the amount you had raised from the Exchequer Bills, and you would hand over to him an account of the transaction, and the difference of the money, if any?—Yes.

5515. In that you would be paid your commission?—Yes, that would be included.

5516. Were accounts handed over by you from time to time, showing how the account stood?—Yes.

5517. At what period?—Very irregularly; it was quite uncertain.

5518. Were the whole of the accounts contained in the account current you are about to produce handed over to him from time to time?—I never handed him over an account unless he required it, but I agreed with him in the account he showed me; if I disagreed with him, I handed him an account. This is an account of the money paid to the various parties, (*referring to a book,*) and here is a statement of the division of the commission.

(*The book was inspected by the Commissioners.*)

5519. How often was this sort of account rendered?—It was made whenever a balancing of the books took place, generally in June and December. Here is one settlement in December, 1838, (*showing the same.*) and another in February, 1839.

5520. The share of Mariner on those divisions of profit would be put to his account?—Yes.

5521. Will you furnish an account of the total amount of the commission during the whole period?—I will.

5522. Your account, you say, commences in October, 1837, to what date does it go?—I have the account carried down to the end of October last, but there has been no division of the commission since January.

5523. What was the state of the account as to interest at its termination?—I have a balance of 490*l.* to divide.

5524. What was the balance upon the general account?—That I do not know, for we had other transactions with Mr. De Berckem besides those on Exchequer Bills.

5525. What was the state of the account between De Berckem and Mariner on the account of Exchequer Bills?—There was a balance of 2400*l.* to be paid to him, subject to commissions which had not been agreed upon.

5526. Would that include the amount of commission remaining to be divided?—No.

5527. Did you borrow at any time for any other parties but Mariner?—Never on Exchequer Bills; we have borrowed on stock for other parties.

5528. You are cognisant of the foreign stock transactions which appear in your books?—Yes.

5529. Do those comprehend purchases in foreign stock from time to time, and also any losses?—Yes.

5530. What else?—Nothing else.

5531. Were they made in Mr. Mariner's name?—Yes.

5532. Can you state whether, upon the whole, the foreign stock transactions appeared to be losing transactions or not?—I cannot tell that, there has been so large an amount of stock delivered to us; almost in every case there was stock paid for and the stock delivered to him, and we do not know what was done with it by him.

5533. Will the account show what amount was absorbed in losses from time to time?—Yes it will.

5534. Is not the remainder apparently clear gain?—It is impossible for me to know what his own profit and loss account is. I can only say that on a certain day we paid a certain amount for loss, and that we received on a certain other day a certain amount for profit, but I must separate the amount of the cost of the stock every settling day. I can only set it down to him, I do not know what was done with it. We handed over to him stock which cost 147,000*l.* from the 16th of August, 1838, to the end of October, 1841. Supposing that the stock had been still in existence, at the end of that term it would be worth about 129,000*l.*

5535. Are you able to account, in any way, for what became of that large property placed in his hands?—No, I have no means of knowing that. The total of the stock we delivered to him was 661,980*l.* Spanish active, 337,000*l.* Spanish passive, 99,300*l.* Mexican, 20,000*l.*, Columbian, and 11,000*l.* Peruvian, of the value of 236,668*l.* 11*s.* 2*d.*; which, after the deduction of losses, and stock returned by him, would be 147,160*l.* 3*s.* 2*d.* sterling.

5536. Are you able to give any account of what has become of that 147,160*l.* 3*s.* 2*d.* sterling?—No.

5537. Beyond the commission you have stated, did Mr. De Berckem obtain any profit or remuneration from those transactions that you are aware of?—No.

5538. You were examined before the Committee of the Stock Exchange?—I was, several times.

5539. What was the highest rate of interest you ever charged to Mariner?—I can ascertain that from my books, but at present I believe there is none higher than that which I have found from the 8th of November to the 15th of November, 1839, on 6000*l.*, 9 per cent. to Mr. Hichens.

5540. Was money scarce at that time?—It was, excessively.

5541. Are there any other high amounts in the transactions with Hichens?—There are several at 8 per cent. From the 23d of September to the 23d of October 1839, 10,000*l.*, Messrs. Hichens also.

5542. Refer to the latter end of 1840?—There was nothing with Messrs. Hichens, at that time.

5543. What was the last date of your transactions with Hichens?—The 4th of December, 1839.

5544. What rate of interest had you last paid him before that date?—On that day we paid him at 8 per cent. on a loan of 7000*l.* for a fortnight, the 20th of November to the 4th of December; we paid the loan and the interest.

5545. Had your other transactions with him been of the same description?—It was at the end of the year those heavy transactions were. I had some with Mr. Hichens at 3 per cent. The first loan to Mr. Hichens was on the 16th of June, 1838—6000*l.*; we paid 59 days' interest at 3 per cent., and 58 days' interest on 4000*l.* at 3½ per cent.

5546. At what time did your transactions with Hichens begin?—The 18th of April, 1838.

5547. At what time did they end?—The end of the year 1839.

5548. At that time did he refuse to proceed with you further?—I believe he declined doing business.

5549. On what ground?—I did not hear. I have nothing higher than 3½ with Mr. Hichens till May, 1839.

5550. It appears that you have stated in your evidence before the committee of the Stock Exchange, that you thought it likely De Berckem had had at times from 100,000*l.* to 150,000*l.* from Mariner in his possession, on which to raise money; do you mean 150,000*l.* in his hands at a time undisposed of, or 150,000*l.* in circulation?—It appears from the way in which it is stated there, that he had it in his possession. I never could have said that.

5551. If you mentioned 150,000*l.*, you must have referred to money borrowed on Exchequer Bills in the hands of different persons?—I have no doubt there has been some mistake. I had been asked very likely how many Exchequer Bills we had had in circulation; perhaps I had said 112, and I had been asked what value we had given for them, and I said 150,000*l.* in stock. I never could have said what is put down.

5552. What is the amount you suppose he may have had at one time in his hands undisposed of?—I cannot say, without reference to the books.

5553. It appears that at the time of the discovery of the fraud you had 57,000*l.*?—We never had so many at any other time, except just at the time they were exchanged.

5554. Do you mean exchanged at the Government offices?—When they were returned to Mr. Mariner to be exchanged. There is an amount of 65,000*l.* on the 6th of March, 1841; we had not them all at once, except perhaps the night before they were delivered to Mr. Mariner.

5555. What is the highest amount you have had of his, including those disposed and undisposed of, at one time?—They have never been so high as they are now; they have never been beyond the 166,000*l.*

Examinations.

Mr. W. Mayo.
20th June, 1842.

5556. You have stated the large amounts of stock from time to time paid over—would there be money paid over within the same period?—Yes; we no doubt paid him money.

5557. There would be a large amount of money paid to him also?—No; we must have received money from him on bills, for we had apparently delivered him 147,000*l.* stock, and had only 112,000*l.* bills; he must therefore have paid over to us 35,000*l.* in other ways.

5558. That would show 112,000*l.* in his hands received from you on account of Exchequer Bills?—Yes.

5559. The account that was delivered in by Mr. De Berckem on his last attendance, makes the amount received prior to the 19th of November, 1840, 88,000*l.*—is not that a balance?—Yes.

5560. Can you show what the total amount of value in Exchequer Bills has been from first to last?—Yes; I can make out that account if it is desired.

5561. What was the course of proceeding when the bills were advertised to be paid off?—We received bills from Mr. Mariner, and placed them in the hands of the parties who had got the old ones in exchange; and the old ones were sent to Mr. Mariner.

5562. Did you send word to Mr. Mariner from time to time that the period was arrived?—No; he knew when the period had arrived.

5563. And he came to you with new bills, and received the former ones?—Yes.

5564. How many exchanges were effected beyond that you do not know?—No.

5565. Were bills never left outstanding to your knowledge after they became due?—Yes.

5566. State the instances in which that occurred?—There were 12 bills dated in March, 1839, delivered to Mr. Mariner on the 14th of April, 1840; they ought to have been delivered in in March, 1840.

5567. How came that?—Mr. De Berckem detained them as a security against a speculation he had conducted for him.

5568. Are there any other instances?—On the 23rd of March, 1841, there were 10 bills dated the 16th of March, 1840, and two more delivered back to Mr. Mariner, making 12.

5569. When had they been got from the parties with whom they had been deposited?—The same day.

5570. How came they not to have been got up before?—Because Mr. Mariner said he had not got the other bills ready to be exchanged as he had been accustomed to do.

5571. How long did he tell you this before they were exchanged?—I cannot recollect whether I was present.

5572. You cannot undertake to say that you were present at any conversation between Mr. De Berckem and Mr. Mariner?—No; but he may have told me in coming over to the office. I have heard him say he had not the other bills to exchange for them.

5573. Did he give that as the explanation in consequence of any question put by you to him upon the subject?—No; I have heard that Mr. Rapallo of whom I heard then, had not the bills as he had been accustomed to have to exchange the bills—that he had not provided them. The reason he gave was, that the party for whom he was acting was abroad, and that he was not justified in exchanging them.

5574. That he was not justified in exchanging them at the Government office?—Yes.

5575. When did he say that?—This must have been about the same time, March, 1841.

5576. Did you mention this to De Berckem?—No; I have no recollection of having done so; most likely he had mentioned it himself. Those of April, 1840, were detained by him himself.

5577. Were there any other instances at which bills were detained till they were over-due?—On the 23rd of June there were some which had been lent to Mr. John Scott returned.

5578. When were they received back from Mr. Scott?—The same day.

5579. How did that happen?—In the same way as the last.

5580. Do you mean that you received the same statement as to them?—Yes.

5581. With whom were the two sets of bills deposited?—The 10,000*l.* with Harry Tomkins, and the 2000*l.* with Philip Samuel.

5582. Were there any others which were over due?—Yes, two on the 24th of June.

5583. With whom were they deposited?—The Commercial Bank of London, and 8000*l.* with Mr. William Simonds. Those were all.

5584. When were those got back from the Commercial Bank and Simonds?—The 24th of June, and handed to Mariner the same day.

5585. What was the explanation as to that?—The same was given in that case. Those of March and June were the only instances.

5586. Can you state that, if any other instances had occurred, you should have known of them?—Yes, I must have known of them.

5587. You had an account with Bennison; do you know when that account ceased?—The 5th of May, 1841.

5588. Did he decline dealing with you after that time?—I believe he did.

5589. Do you know the cause?—No.

5590. What was the highest rate of interest in the transactions between you and Bennison?—The highest appears to be 6½, from the 14th to the 28th of December, 1839.

5591. Were the bills sometimes or generally deposited, by yourself, with the different parties?—Very often.

5592. Did you ever make a stipulation as to the return of the identical bills?—No.

5593. Are you aware that that was Mr. De Berckem's practice?—No. He might have done it if he dealt with a person not thoroughly accustomed to business; he might mention it. He would never mention it to the Bank of England or the Commercial Bank.

Examinations.

Mr. W. Mayo.

20th June, 1842.

5594. What instructions did you ever receive from Mr. De Berckem, upon that subject of having the identical bills returned?—He never told me, unless I had reason to believe that parties would be irregular in their dealings.

5595. Do you recollect any instance in which he gave you instructions, in consequence of that fear?—No, I do not recollect any instructions; but, knowing it to be the practice, I would mention it of myself if I felt it to be necessary, but not to any persons whom I considered as aware of the course of business.

5596. And you think he would not mention it to any persons who were conversant with the course of practice?—No, I think not.

5597. Did you become acquainted with the circumstance that 11 wrong bills were returned on one occasion?—Yes.

5598. You heard of that?—Yes.

5599. What passed between you and Mr. De Berckem, on that occasion?—I merely informed him that such a circumstance had taken place. It was the first time he became acquainted with it, for I received the bills.

5600. What did he say upon the subject?—I have no recollection; it is a year and a half ago. I have no idea that he made any particular remarks, except that it was very irregular—very unbusiness-like (or something of that kind) of Messrs. Bennison. They came from Messrs. Bennison.

5601. Is that all you know on the subject?—I know the bills were afterwards recovered, for I have the numbers of the bills here.

5602. Did you recover them yourself?—No. I know that Mr. De Berckem's brother, Mr. Henry De Berckem, recovered them himself. It was on account of those bills being delivered wrong that Mr. Bennison's account was closed; there was a quarrel about them.

5603. Did you, on the 13th of October, get the bill (No. 7065) from Mr. Cutbill?—Yes.

5604. What did you do with that bill?—I delivered it to Mr. Mariner.

5605. On what day did you so deliver it?—On the same day.

5606. Had your house, at any time, any dealings in Exchequer Bills with William and James Morgan?—No.

5607. Or with Edward Lloyd Morgan?—No, neither of the Messrs. Morgan.

5608. Do you know Nathan?—I know him by sight.

5609. Do you know of Nathan having had, at any time, any bills of yours in his hands to obtain a loan upon them?—No, not to my knowledge.

[*The Witness withdrew.*]

Mr. *Francis Towneley De Berckem* further examined.

Mr. F. T. De-Berckem.

5610. Reference was made, in your former evidence, to 3000*l.* bills in the hands of Tomkins, on which you stated that you have a claim. What claim do you make on those bills?—I make no claim beyond the responsibilities to other parties, having not borrowed upon the said bills.

5611. Do you make any claim upon those 3000*l.* bills in the hands of Tomkins?—I consider that I can only memorialize the Treasury on those bills.

5612. Have you lent any money on those bills, including Tomkins's?—No; excepting the expenses I have had to pay, I consider the 57,000*l.* perfectly clear from any claim beyond what I may memorialize the Treasury to allow me in respect of expenses.

5613. You stated that you had received the money for the bills which you gave up; you mean that you have received the money to redeem some of those bills?—Yes; the great majority of them I have actually received money for.

5614. You say, between Saturday and Monday, you discovered duplicate numbers; who do you mean discovered them?—Mr. Maubert and myself, on the Saturday, came up to consult the Chancellor of the Exchequer. We told him we were perfectly certain there was something wrong in Exchequer Bills. The Chancellor of the Exchequer said he was perfectly ready to listen to any statement we had to make. We said, "Have you issued two numbers on the June bills?" He said, "No." Then we discovered duplicate numbers, so many with Barclay, Tritton, and Company, and so many with the Bank. We returned to the Chancellor of the Exchequer, and told him we had discovered duplicate numbers of the June bills.

5615. When you say you delivered the bills mentioned in the account you handed in to various parties, do you mean that you delivered any except to Mariner?—I delivered them to Mariner only.

5616. You speak of Mr. Tomkins's three bills, and say Mr. Tomkins has no claim upon them, that the three bills in the possession of Tomkins are 6495 to 6497, and they are not in the schedule. It appears that 6495 to 6497 are in the schedule?—Then they are three others; but I cannot give the numbers; my clerk can give them.

5617. When you say that sometimes the bills were received from Mariner as security, what do you mean by that?—Against his foreign transactions—his speculations in the Stock Exchange.

5618. Do you mean that you required security from him against his foreign transactions?—Yes.

Examinations.

Mr. F. T. De Berckem.

20th June, 1842.

5619. What security did you require?—Generally speaking, 5 per cent. on foreign funds and 3 per cent. on English funds.

5620. Part of the bills he delivered to you were on that account?—Yes.

5621. Others might be to pay losses, or to pay for stock?—Yes.

5622. Out of the money so raised by you, you paid for stock or for losses, and accounted to him for the difference, if any?—Yes.

5623. You have said that Nathan came to you one morning, and said he had spoken to Mariner, and asked him whether he could get you money from the Jew party; the proposal was 7½ per cent.; did he tell you what answer he had given him?—That if he could raise any he must apply to me.

5624. What did he say about the 7½ per cent.?—He had not spoken to Mariner about the terms of the loan at that time; he was to make an offer of money, and if it was advisable to accept it, it would be considered.

5625. What did he say he had offered to Mariner?—That he could raise money most probably of his Jew connexions, and the reply was, if that was the case, that I should entertain it if it was at a reasonable rate of interest, but that I should not trust him in the business, for that I requested that all which was done might be done in my name; the fact is, I would not trust him with the Exchequer Bills.

5626. You are asked what Nathan told you passed between him and Mariner?—I was partly present.

5627. You say that Nathan came to you one morning, and told you he had spoken to Mariner?—Yes, he was introduced to me by Mariner.

5628. Do you mean to say that Mariner came with him when he came to you?—No.

5629. What did Nathan say to you that Mariner had said to him?—Merely that if he brought me money I was to take it, if it was at a reasonable rate.

5630. That was all he told you that Mariner had said to him?—Yes.

5631. Did Mariner at any time authorize you to give a higher rate of interest than was the market rate of interest at the time?—On one occasion he did, only on one occasion, and that was a case with Foster and Braithwaite. On the 30th of April, 1841, I borrowed 1500*l.* of Mr. George Jermyn, at 6 per cent., on the security of 2000*l.* Exchequer Bills.

5632. For what period?—From day to day; the numbers were 5866 and 5867, of June, 1840, 1000*l.* each bill. I had not any bills of a small amount, but the verbal agreement of Mr. Jermyn was to give me two days' notice when he wanted the money repaid. Late in the afternoon of Friday, the 14th of May, which was the foreign settling day in the Stock Exchange, Mr. Jermyn applied for the repayment of his loan, without any previous notice, saying that he had agreed to lend the money till the settling day; that he must have it. I was therefore obliged to seek the money elsewhere, and after a number of unsuccessful attempts, in consequence of the lateness of the hour and the scarcity of money, occasioned by the demand on account of the settling, I obtained an offer from Messrs. Foster and Braithwaite of 2000*l.*, at 8 per cent. till the next day, or Monday, which I was compelled to accept.

5633. That was above the market rate of interest?—Not that day.

5634. The question was whether Mariner authorized you to give more than the market rate of interest?—That would be above the rate for the period.

5635. Was it above the market rate of interest for one day?—No, but I considered it exorbitant, taking advantage of the parties. The interest of money in the course of the morning had been 4 and 5 per cent., therefore it was above the market rate of the day, not at that hour, but it was for the day.

5636. Was it above the market rate of interest at the period at which it occurred?—I should say it was very dear.

5637. Did you communicate that offer to Mariner?—Yes.

5638. What was his answer?—That of course I must raise the money and pay off the loan, or words to that effect. I did not do anything without his consent, and I paid off the loan next day with money raised at 5½.

5639. Is this the only instance in which you exceeded the market rate of interest, with or without the authority of Mariner?—Certainly; I never exceeded the market rate of interest without his authority.

5640. It appears that you gave 8 per cent. to Hichens in 1839, and also at a subsequent period?—I consider that to have been at the time the market rate of interest.

5641. You were asked whether Mariner gave you at the time the name of Solari or Rapallo. You say you would not take their names; why would you not?—Because we had always been in the habit of doing large transactions for foreigners, and have been invariably taken in by them. Consequently, knowing Mr. Mariner to be an honourable man, but not a rich man, if I held his name I could always take the liberty of demanding from him security against the transactions that I held to secure myself from robbing the Stock Exchange.

5642. You have stated that you believe the first transaction between you and Mariner was on the 3rd of June, 1839, and you referred to the book before you, can you now state the true date of your first transaction with him?—The first transaction was of the 10th of April, 1838, in the sum of 1000*l.*, I believe that to be the first transaction with Mr. Mariner on account of Solari or Rapallo; there was 2000*l.* on the 14th of October, 1837, but that was not on account of Solari or Rapallo, not to my knowledge at least, and I believe it was not, I have asked Mr. Mariner and he says it was not.

5643. You now state that your first transaction with Mariner on account of Solari or Rapallo was in April, 1838?—Yes; the 10th of April, 1838.

5644. It appears that you stated in Downing-street on the 27th of October when you were there examined, and again before the Committee of the Stock Exchange that these transac-

tions began in 1839, and you have stated before this Commission that they began in 1839?—I must have asked the question of my clerk and had an incorrect answer, it is impossible I can recollect all these things. On reference to my books I have corrected it.

5645. You corrected it before us in stating that you saw 10,000*l.* was paid to Hichens in April, 1838, and that therefore your transactions must have commenced earlier than you had supposed?—I considered that there was a waste book missing and that there was an entry which warranted me in the supposition that the transactions had gone further back.

5646. How came you to state the same date of 1839 before the Committee of the Stock Exchange and also in Downing-street on the 27th of October last?—I am sure I do not think I scarcely replied to any question before the Committee of the Stock Exchange, very few at least.

5647. It appears by their minutes that you did. Is it true or not that you stated that before them?—I may or not.

5648. Is it true that you stated in Downing-street in October last that your transactions began in June, 1839?—I do not recollect it; as I am no accountant, I know nothing about it. I made out this account in a hurry to go up to Downing-street, and I must have been misinformed by my clerk, but as they had all my books they might easily correct it.

5649. You stated that you borrowed of the Bank of England at different periods 179,000*l.*, how much of that was in your own name?—148,000*l.* in my own name and 31,000*l.* in the name of my brother.

5650. Was there none in Meyer's name?—Those were my own borrowings.

5651. That does not include the money borrowed by Meyer or Tomkins or others?—No.

5652. How much was borrowed of the Bank in the month of October last?—I do not think I can state that, my clerk can. I was on my legs from morning to night in operating; I never had anything to do with the books and do not understand them, I only know the cash-book and the waste-book.

5653. You say you gave commissions to people to go to the Bank, did you pay any of those persons?—Sometimes Tomkins, Meyer, or anybody else except my brother Henry; I never paid him a commission.

5654. You have spoken of paying them a commission, do you mean for the loans obtained at the Bank?—Yes; at the rate of a half per cent. per annum, 8*s*, 4*d*. for 1000*l*. for a month.

5655. Was not the shape of the charge from Tomkins and others the difference between what he paid to the Bank and what he received from you?—that was brokerage.

5656. This is the half per cent. you speak of?—Yes; they borrowed money at the Bank at 5 per cent., being myself always busy in foreign stocks, he charged me, and half per cent. commission for doing it.

5657. Is that a common form of remuneration in such cases?—Very common with every description of stock.

5658. You say that you never saw Solari except at Mariner's and knew nothing of his means, did you know anything of his manner of living and the appearances he kept up?—No.

5659. As to Rapallo did you know what were his means or the appearances he kept up?—No.

5660. Were you ever employed by Mariner, Solari, or Rapallo, to purchase Exchequer Bills?—Never.

5661. How did you suppose the Exchequer Bills were procured which were put into your hands from time to time?—I never had any notion from whence they were derived.

5662. How did you suppose this borrowing to so large an amount came to be transacted through Mariner?—Because I understood that Mr. Mariner told Mr. Solari or Rapallo, that as they were employing a number of brokers he should wish them to give him a small portion of their business when they could spare it, as I understood Mr. Mariner solicited the business.

5663. You did the whole business in these transactions of Solari and Rapallo?—Yes, with Mr. Mariner.

5664. Mr. Mariner did no part of the business, but he got the half commission?—Yes; he is not in the Stock Exchange.

5665. Without doing any part of the business?—Without doing any part of the business to my knowledge.

5666. Did Solari or Rapallo in any instance hand to you a bill, or were they all received through the hands of Mariner?—I never had an order or bill from Mr. Solari; I never even received an order from him.

5667. Did you ever receive a bill from Rapallo?—I do not recollect receiving a bill from him, except in the presence of Mr. Mariner; he has sent him to Mr. Mariner, and Mr. Mariner has given me a portion of those bills for the purpose of doing the operations necessary; it was almost like giving it me.

5668. You will not swear that he did not give you a bill himself?—No, I cannot; he might or he might not; but they would all go down to the account of Mr. Mariner.

5669. Did Mariner, or Solari, or Rapallo ever show you any letters they had received from their principals?—Yes.

5670. What letters?—Letters from their principals abroad. I did not know that they were principals.

5671. They showed you letters?—Yes.

5672. Who showed you the letters?—Mariner.

5673. When?—At various periods.

5674. Did Solari or Rapallo?—Solari; never Rapallo.

5675. Will you swear that Rapallo never showed you any letter as received from persons

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for whom he was acting?—No, not as received from persons for whom he was acting; not one.

5676. Did Mariner ever show you letters as received from persons for whom he was acting?—Never.

5677. What letters has he shown you?—I operated in the French market, and those letters shown to me were merely from persons sent to finish the transactions in Paris I had commenced; but it was only connected with the business on which I had gone. I used to receive letters at my office. I never opened them, but sent them to Mr. Mariner, and they were sent on to Mr. Rapallo; and as the transactions were done in my name, I would not reply to those letters till they had seen them.

5678. Had those letters any connexion with raising money on Exchequer Bills?—Not at all.

5679. They never showed you any letters connected with these transactions?—No, nor they never showed Mariner any neither; I am sure he would have told me if they had.

5680. You have stated what the commission was which you received, a half per cent. commission; was that charged by you to Mariner as the difference of interest between what you charged him and what you paid to others?—Yes.

5681. Was that shared from time to time between you and Mariner?—Always.

5682. Will you swear that that commission was the whole profit you received from those transactions in any way whatever?—Solemnly.

5683. Were you not directed by the committee of the Stock Exchange to deliver to them your accounts?—Yes.

5684. Did you do so?—I did not.

5685. Had you not access at the Treasury to those accounts?—I had.

5686. Did not Morgan deliver in accounts?—I believe he did.

5687. Why did not you?—Because I did not owe any money to the Stock Exchange. I refused to give up the names of all my principals for opposition brokers to look at when I was not a defaulter in the Stock Exchange.

5688. You are aware that there was a motion for your expulsion from the Stock Exchange?—I am perfectly aware that there was a motion for my expulsion while I was absent from ill-health. When I returned the committee told me they had not entertained it for a moment; and, on the contrary, requested me in their own committee-room to sign a paper for re-admission; that they had not put it in their minutes before; it was only a notice of motion for my expulsion; and I was re-admitted into the Stock Exchange without paying the subscription. Others had paid; they said it was only a notice of motion. By the advice of Mr. Amory I demanded a copy of the motion, and the name of the person who had made it; but they said it was only a notice of motion, and it was not entertained.

5689. In neglecting or refusing to deliver your account to the committee as desired, did you act on the advice of any person?—I did under the advice of Mr. Amory.

5690. He advised you not to deliver the accounts desired by the Committee?—Not until the Government had done with them.

5691. In the minutes of the proceedings of the Stock Exchange Committee it is stated that you appeared before them that you expressed your readiness to give every facility in your power to the fathoming this affair, which you did not believe was a forgery?—They have not a short-hand writer at the Stock Exchange.

5692. That you believed that parties much higher than Mr. Smith were implicated in the fraud; did you say that?—I did.

5693. What was your meaning?—It was in the public newspaper; things to that effect.

5694. On what foundation did you make that statement that parties much higher than Mr. Smith were implicated in the fraud?—Because we were always told we were acting for higher parties by Rapallo and Mariner; that we were acting for higher parties; to the last moment they said that.

5695. Did you then say that you did not believe it was a forgery?—Yes.

5696. You are also reported to have said that you could not imagine what had become of the money you yourself paid to Mariner; is that true?—That is perfectly true.

5697. Are you able to give any account of the money and stock you handed over to Mariner from time to time, after deducting the losses and expenses; do you know what has become of that?—No, I do not. It is a mystery to me what has become of the positive money, 147,000*l.* money and stock, after taking my commission out and every other expense.

5698. You are also put down in the Minutes of the Stock Exchange Committee to have said that you could not imagine from whence Mariner had obtained between 50,000*l.* and 60,000*l.* he paid you on the 16th of October—where they had come from?—Yes.

5699. Do you still say that you do not know from whence Mariner had obtained that 50,000*l.* or 60,000*l.*?—I think the last time I was here I stated that since the transaction I have imagined 40,000*l.* of that money came from Coutts's. I did not know that at the time I made the statement before the Committee of the Stock Exchange.

5700. Where did the remainder come from?—Sales of stock and cheques, and one thing and the other, the day before the Bank were to be paid off.

5701. Do you mean that you had received that from Mariner himself?—Yes.

5702. You still do not know where it came from?—No, I do not. I can soon see by my book whether Rapallo's cheque passed through my hands; but I suppose Mariner to have given me the funds.

5703. You cannot say whether it was Bank notes and Exchequer Bills?—I did not borrow money on Exchequer Bills at that period; some stock I know was sold to meet that.

5704. Mr. Mollett has stated that when the fraud was discovered people were pointing to your bills, and he went to you, and you said, "Be quite easy, they are genuine bills, it is a

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bit of spite," and so on; "I swear they are genuine ones, and so be quite easy:" did that pass?—Not quite such conversation as that, not the words "I swear." I believed them to be genuine, for I knew that bills of mine had been taken up to the Exchequer Bill Office, and examined and pronounced to be good, and as these were part and parcel, and consecutive numbers, I conceived the examination of a few was as good as the examination of the whole; that is what I made a statement of. I knew the Commercial Bank of London had gone up as late as June, and shown my bills, and they had been pronounced to be good. I knew that other people had been up, Tomkins and others, I think, and their bills pronounced to be good.

5705. What was the date of this conversation with Mollett?—I cannot say, it was just after the discovery of Beaumont Smith's misdemeanour. He was naturally anxious about it, and in a very high state of excitement, and at the time I stated that I most probably believed it to be so.

5706. Mr. Simonds has stated to us that he applied to you about taking up certain bills to be exchanged which you deposited with Messrs. Currie, eight bills, and that he said "What shall I do about those Exchequer Bills, shall I send them?" To which you answered, "Oh, I will not give you the trouble, I have some others which are becoming due, I will send and exchange them." Did that pass?—No. I believe Mr. Simonds at the time offered to send them up with other bills, and I replied that, as I was a mere agent in the affair, I should of course consult my principal, Mr. Mariner, upon the subject. I offered even myself to take up all the bills.

5707. It is not true that you said you would not give him the trouble?—I really cannot say. I dare say I did not use the word "trouble," but that we should do it ourselves, for we always made out a list of the bills and gave it to Mr. Mariner.

5708. You made him the reply that you should do it yourselves?—Yes.

5709. In point of fact, did you exchange those bills in time?—I do not know. There were some bills, I believe, were delayed one or two days, or more, four or five days. I think there were two instances of bills over due and losing the interest thereon.

5710. Those bills are stated by Mr. Lawford, the clerk to Messrs. Currie, not to have been returned to you till the 24th of June; can you explain that circumstance?—The only explanation is that they would not give them up without the money, and that Mr. Mariner did not send me the money. It was no affair of mine, but they lost the interest by not giving them up.

5711. Did anything pass with Mr. Mariner upon the subject?—Only that his parties were out of town, and he could not give me the money.

5712. Did you communicate with Mariner upon the subject of those bills after Simonds had spoken to you about them?—Yes.

5713. What answer did you receive from Mariner?—That he would consult Mr. Rapallo.

5714. Was it usual when you communicated to him that bills ought to be changed, for him to communicate with Mr. Rapallo?—Yes, on almost all occasions he communicated by a note.

5715. Do you mean to say he never gave you other bills to be exchanged for the old ones without an interval first elapsing during which he said he had communicated with Mr. Rapallo?—I considered that he always did; he could not have had the bills without communicating with Mr. Rapallo.

5716. Do you recollect whether upon those particular occasions he said he should communicate with Mr. Rapallo?—Yes. I applied for money to pay off the bills that they might go up in proper time, that they might go up to the Treasury to be exchanged.

5717. It appears from Mariner's books that on the 24th of June the bills referred to were delivered by Mariner to Rapallo; had those previously been received by Mariner from you?—Certainly.

5718. It also appears that on the 23rd of June, 1841, you borrowed 16,000*l.* upon bills dated on the 16th of June, 1841, from the Commercial Bank, from John Wray Scott, and William May Simonds?—My books will show whether I borrowed that money; I believe that that was so. I had borrowed a great deal more money than that. I paid them off.

5719. It appears from Mr. Mayo's books that on the 23rd of June, 1841, you borrowed from the Commercial Bank, Mr. Scott, and Mr. Simonds, 16,000*l.* on bills numbered from 7052 to 7067, and dated 16th June, 1841, that being the day before the day on which the other bills were handed over to Mariner?—I have no doubt that is correct.

5720. Mr. Scott has stated that there were bills left with Mr Clapcott, and that he mentioned to you two or three days before that the bills were becoming due, and that you said "Leave them, I will exchange them;" is that true?—I never heard the name. Most probably I should say so if he said that, that I should put them in mind of the circumstance that they were become due, jogging their memories, and so on, but never did he mention the name of his principal.

5721. Do you remember that when that took place the bills were left over due a considerable period?—No, I do not.

5722. Do you recollect that those were the numbers?—No; but my books must show that if it was the fact.

5723. It is stated by Mr. Scott that those bills were not got back till the 23rd; you cannot state whether that was the fact?—It is very probable.

5724. How do you account for that, if it was the fact?—Because I had not the money sent to me by my party. Mr. Mariner had not brought me the money to take up those bills, and they would not give me the bills without.

5725. Did any conversation pass between you and Mariner on this occasion, or was anything mentioned about the money not having been sent?—We were both exceedingly annoyed

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at there being a loss of interest and money. I even said, "Why do not they leave it to me to send up the bills to the Treasury? I could do it as well as your parties could do it, whoever they are."

5726 Did you, on any occasion, yourself detain bills after they were due as a security to yourself?—I think I did on one occasion. I will state the occasion. This is a copy of a letter I wrote to Mr. Mariner on the 29th of February, 1840.

The same was read as follows:—

"1 Cushion Court, Broad-street, February 29, 1840.

"DEAR SIR,

"IN reply to your proposition, we are sorry to say that we cannot with propriety entertain it. We know that your own resources are very limited, and we do not know the parties for whom you act, their names not being in our books. We are pledged to S. Heseltine and other members of the house, to see ourselves amply secured against contingencies, and upon that understanding and belief in our honour, we have the unlimited credit we possess. We believe (for we have never found it otherwise) that your parties are gentlemen of honour and character, and, as men of business, they cannot do otherwise than be aware that no broker (unless immensely rich himself) is warranted, as a member of the Stock Exchange, in having upwards of half a million of stock open for parties he does not personally know, without adequate security.

"We have always endeavoured to do your business with precision and integrity, and deeply shall we regret losing it for doing what, as men of honour, we are compelled to do.

"We remain, &c.,

"(Signed) DE BERCKEM AND PRITCHETT.

"*W. Mariner, Esq.*"

5727. Who made this copy of the letter?—My clerk; it is in the waste book.

5728. How was it sent?—It was sent to Mr. Mariner by my clerk.

5729. Would Mr. Mayo take the letter?—One of my clerks. The result was that the parties told me to close their transactions, as if they were offended and going to leave me, and I did not see them nor Mr. Mariner himself for three weeks, and then they came back to me, but I would not give up the security till I had the things closed.

5730. Mr. Cutbill has said he asked you the question, "Why do not you sell those bills?" and that you said they were intrusted to you by some club at the West End of the town, is that true?—No; Mr. Cutbill asked me for whom I imagined we were concerned. I imagined we were acting for some club of property, both here and abroad.

5731. Did you not say at the West End of the town?—At the West End of the town and abroad too—I was told so.

5732. Did he ask you why you did not sell the bills?—Yes.

5733. What answer did you give?—That I was merely a broker, and that I believed I was acting for parties in the West End of the town, Paris, and Madrid. In fact, Rapallo used to tell Mr. Mariner he could not do anything till he had been up to his parties at the West End of the town.

5734. Mr. Cutbill says you offered him 6 per cent. a few days after the 13th of October; was that so?—It may very probably have been the case, money must have been more scarce then.

5735. He says you said you would prefer raising money upon Exchequer Bills at 5 or 6 per cent. to raising it on Spanish stock, on which you must pay 10 or 12?—12 to 18.

5736. Did you use that expression?—I can almost swear I did.

5737. Mr. Cutbill has stated that one day, when lending you some money, you said, "Now, if you have more money to employ, I can lend it for you 50 or 100,000*l.*;" is that true?—No, never as to such an amount.

5738. You did not express yourself to that effect?—No.

5739. He said that you pulled out at the time a large roll, apparently, of Exchequer Bills from your coat pocket; did you do so?—I might have had Exchequer Bills in my coat pocket, but I do not think I had at one time in my coat pocket or anywhere else more than 20 or 30,000*l.*

5740. Is it true that you pulled a roll of Exchequer Bills out of your coat pocket at that time?—I do not recollect the circumstance, but I think it is very probable that I pulled out some Exchequer Bills; probably I had paid them off or redeemed them from parties. I do not think I had at any period more than between 20 and 30,000*l.* Exchequer Bills, except at the last period, when I had 57.

5741. Is it true, that on the occasion referred to, you said you could lend it for him to a large amount, whatever that amount might be?—Yes.

5742. What amount did you state?—I do not recollect stating any amount, but I recollect I said I had loans out at that time, and that if it would accommodate the Bank I would pay them off as the money became due, but I referred to loans then made.

5743. Do you deny that you mentioned so large a sum as 50 or 100,000*l.*?—I do not recollect it, but it is impossible that I should recollect everything with such transactions as I had.

5744. Mr. Nathan has stated that he went over with you to your counting-house, and that Mr. Mariner introduced him, Nathan, to you?—Yes.

5745. Mr. Nathan has stated that he went over with you to your counting-house, and that you said, "I know you are acquainted with a number of your acquaintance who are rich men, do you think you could get a loan of money on Exchequer Bills?" Did that pass?—Yes.

5746. That he said, it was a new article of commerce to him, and that he would inquire; and you said he might offer 6 per cent. or 6½; is that true?—No, I said, "When you bring me an offer it will be quite time enough to talk with you. I want you to bring me an offer of money." He wanted the Exchequer Bills to go out, but I would not trust the Exchequer Bills with him, having reasons from my previous knowledge of him, and I did not want to have anything to do with him at all.

5747. Do you mean to say you did not authorize him to offer any rate per cent.?—No, until he had consulted me.

5748. Did he afterwards consult you upon the subject?—He came and offered me 7½ per cent., my brother Henry was present, and I refused it immediately.

5749. You never authorized him to offer 6 or 6½ per cent.?—No; I said when you bring me the offer perhaps I shall not entertain it.

5750. You never authorized him to give that amount?—No, not to my knowledge, I did not. I did not authorize him at all. I chose to know his parties myself.

5751. Do you mean to state that you never authorized Mr. Nathan to offer 6 or 6½ per cent.?—I do not recollect to have done so.

5752. Will you swear you did not?—I cannot swear that I did not, but I do not recollect to have done so; he went about in my name, and talked about it.

5753. Mr. Nathan says that you said, "If you can get any portion done you can get 60,000*l.*" Did you mention 60,000*l.*?—I said, "If you can get any portion done among your Jewish connexion I can at any time move the bills or get fresh bills."

5754. Did you mention 60,000*l.*?—No, I do not recollect having done so; I might have said a large amount of Exchequer Bills.

5755. Mr. Nathan has said that on a certain occasion you showed him a newspaper, and said, "See what you have done by going to Mr. Haes; I told you not to go to the Stock Exchange gentlemen, and Mr. Haes is a pump." Did you use those expressions?—I think very much like them. I do not think I made use of the expression "pump;" but I meant to say that I could do the Stock Exchange business myself. I did not want him to go to the Stock Exchange gentlemen. My credit was very good. I wanted him to go to his Jew connexions; he went to Mr. Levy, and asked him whether he would do any business, and Mr. Levy said, "You need not come to me, I do what business with Mr. De Berckem he requires." His representation was that he might do business through his Jew connexions, and get a commission; and I said, "When you bring me an offer from respectable parties I can consider of it, and I can move the bills." I think he went to Rothschild.

5756. Did you use any expression implying a complaint of Mr. Haes that he had reported what had happened?—I do not think I did; I did not know until after the investigation had taken place that Mr. Haes had anything to do with it.

5757. Did you say, "See what you have done by going to Mr. Haes?"—I do not recollect Mr. Haes's name.

5758. Will you swear you did not say, "See what you have done by going to Mr. Haes?"—I think I can. I know I blamed him for going to the Stock Exchange men at all; I did not wish him to go there, but among his Jew connexions.

5759. You will not go further than to say that you do not recollect having used the expression?—I do not recollect it.

5760. Did you ever withdraw bills from parties and substitute others at times when they were not to be exchanged at the Government office?—I do not recollect it. If I have, my waste-book will show it, every removal is entered there.

5761. Mr. Cutbill states that some substitutions were made by you of one bill for another, which could not be accounted for by the exchanges at the Exchquer Bill Office, do you recollect that?—I do not, indeed.

5762. It appears that you got back No. 7065 from Mr. Cutbill on the 13th of October; do you happen to recollect the circumstance?—I do not; that bill will be in my books as going to Mr. Cutbill and coming away from him again, but I cannot state it myself.

5763. Have you had any dealings with William and James Morgan?—Never, not to my knowledge; I do not think I have their names in my book. I had dealings with them as regards Spanish stock, but I do not recollect any with regard to Exchequer Bills.

5764. Mr. Meyer has said that whenever you borrowed money upon Exchequer Bills you required the same bills back. Was that so; did you make that a matter of stipulation?—Yes.

5765. What was your reason for that?—Because all the bankers in England do it, and the Bank of England; all return the same bills. You always make a stipulation. I stipulated with every body with whom I dealt.

5766. You state that it is common to do so?—Yes, it is the common usage.

5767. That every body makes an express stipulation to have the same bills back?—Whether they do or not, it is a thing which I have always done. I should not make the stipulation with regard to my bankers.

5768. Is it or not true that you were in the habit of making a stipulation to have the same bills back?—Always.

5769. What was your reason for doing so?—Because Mr. Mariner always required the same numbers back.

5770. Did he tell you what was his reason for making a stipulation of that kind?—No.

5771. Even without the stipulation it would have been the general course that you should have the same bill back?—Yes.

5772. And that he should have the same numbers back from you?—Yes.

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5773. Why he had made the express stipulation you do not know?—I do not know.

5774. Going back to your conversation with Nathan, did you hand to him any Exchequer Bills?—None at all, except at the door of Masterman's house, for I stood at the door to see that he did not go away with them; except in that instance I never did.

5775. He took the bills into Masterman's to obtain a loan upon them?—Yes.

5776. At what rate per cent. did you authorize him to offer them?—I do not know, he was to make me an offer; it was a matter of treaty.

5777. Before that application to Masterman, had you expressed your willingness to Nathan to give 6 or 6½ per cent.?—I might have done it; I might have said, that as money was scarce, and paying off the Bank of England was very important, they were very stringent, and I might have said I would go as far as 5½ or 6 per cent.

5778. Was not this conversation after the conversation with Nathan when he told you what had passed between him and Mariner?—It was immediately after that, but I did not authorize him to go to Masterman's.

5779. You were understood to say you did not authorize him to offer any particular per centage?—No, not a positive offer; it was matter of treaty; and then I should not have done it without consulting Mr. Mariner first.

5780. Mr. Maubert has given evidence, by which it appears that you gave Mr. Secretan, in November, 1839, 8 per cent. for 11,000*l.* for a month. Is that true?—I do not recollect; my books will show it if it is.

5781. It may be true?—It may be true; but I think Mr. Secretan's bills came through a public channel.

5782. Mr. Secretan's bills came through you; they were Nos. 7049 to 7059?—I have no recollection of it, but it will appear in my books if it is so.

5783. Mr. Scott has stated that he happened to know that you and your brother worked your accounts by numbers, and that the clerk would come and say, Number so and so wants you?—Always.

5784. What was the reason for that?—Because when people come into the offices it is the general practice to keep all transactions of the Stock Exchange private. I am a confidential man. They will sometimes look over our books, and that was the way I found they kept the books. When I came from the Brazils, I found Rothschild was No. 1. He would not halloo out "Rothschild wants to speak to you," for my operations would be affected by their knowing, that I was operating for him; and they were all called by numbers.

5785. Do you keep all your accounts by numbers?—Yes, except 50*l.* bought for a maid servant and so on, but all persons engaged with us in large transactions. Mr. Mariner's number is 26.

5786. Have you known that done by other persons?—No, it was an idea of my brother Henry's before I came into the business.

5787. Mr. Bennison says, that you took away on the 25th of November, 1840, some Exchequer Bills which were returned to you, that you came to him afterwards and complained that eleven of the bills had been exchanged, and he said, that could make no difference to you, that you said, it did make a difference, for that the parties were highly incensed about it. Did that pass?—Yes.

5788. Had anything passed between you and Mariner on the subject?—Yes, I had taken the bills and thought one set of bills would do as well as another, but Mariner said, "It is always common to return the same bills, and I think Mr. Bennison had no business to sell the bills," and he applied to me to recover the bills, and my brother Henry was employed to recover them. I was very busy at the time, and he did recover them.

5789. Is that the whole of the statement Mariner made to you upon the subject?—Yes, that it was extremely irregular and improper not to return the same bills.

5790. Did he desire you to recover them back?—He ordered me to do it.

5791. You ultimately succeeded in recovering them back?—My brother did.

5792. And a commission was paid to Mr. Ellis?—I do not know anything of that, my brother managed the business. I know he had a great deal of difficulty to get them back.

5793. Did it occur to you, how it could make a great difference, if they were June bills for the same sum?—No, not at all.

5794. Mr. Bennison says, that there was a report in December, 1840, that you were going to fail. Are you aware of any report of that sort existing?—No, never.

5795. Have you ever been in embarrassments?—Never, I have always had the highest credit in the Stock Exchange, and I can bring the majority of the Stock Exchange up to prove it.

5796. Did the circumstance of your making search for the bills and recovering them, become known on the Stock Exchange?—I am not aware of it, most likely it did.

5797. Did Mr. Bennison deal with you afterwards in the way of new advances?—No, I never dealt with him afterwards.

5798. He says, that he asked you for an explanation in consequence of the large amount of your transactions; that you came on the settling day on the Stock Exchange to borrow money and so on; and that the explanation you gave him was, that you had a large speculative account open as a broker, with different parties who speculated very largely in the stocks, which brought in 2000*l.* a year, that the business was given you on the condition that you should continue the loans on Exchequer Bills, and that if you could not do that, you would lose the business; and that when you reproached him with having parted with the Exchequer Bills, you said, "You will lose me the business and 2000*l.* a year." Did anything of that kind pass?—Yes, because Mr. Mariner told me so, and I fully expected that if I did not

return the Exchequer Bills, the parties would leave me, because it was a breach of trust. I had other bills constantly in my possession, and they might suppose I had been using them on my own account, and that when I had to return them I repurchased in the market. We are always in the habit of returning the same bills, sometimes I have had 12,000*l.* as a security.

5799. At the time you said that he says you owed him 82,000*l.*, was that the case?—I cannot say.

5800. Look at the account now shown to you. (*An account being shown to the Witness.*) —I cannot speak to the account, it will be in my books. I had very large accounts with him, and I had also with Hichens.

5801. Hichens lately declined doing business with you, did he not?—I rather think I declined doing business with him, in fact I threatened to take him before the Committee of the Stock Exchange.

5802. About what time was that?—It was about the time of the last transction I had with him.

5803. In what year was that?—I think 1839. I went and paid him off, and never went afterwards.

5804. Before you paid him off he had not expressed any intention to pay you off?—No, he asked my partner for whom we were acting. I thought that an improper question for one broker to ask of another, and I said "You always had your money whenever you wanted it, and it is unbusiness like to ask that question; you shall have your money paid off." It was paid off, he spoke to my partner about it when I was absent.

5805. It appears from your clerk's statement, that in 1839, money was advanced by Hichens to you at 8 per cent?—Very likely.

5806. Would that be about the market rate of interest at the time?—Most likely. I was very particular not to pay more than other people.

5807. Mr. Bennison says that after he left off making you advances, you made applications to him for loans upon several occasions, and said you could tempt him with a high rate of interest.—That is not true. I spoke after this transaction was over with Bennison, to ask him whether he had anything to do with money, for my reason was wishing to know why he wished to be paid off.

5808. Did you do so more than once?—I do not know.

5809. Did you offer him a high rate of interest?—No never. I never made an offer of interest beyond the day's price.

5810. After he had ceased making advances, did you make him an offer of a high rate of interest if he would make you advances?—I have not the least recollection of that.

5811. Will you swear you did not?—I cannot tax my memory with it.

5812. Mr. Oxenford has said that you gave him to understand that your Exchequer Bills came from Monsieur Thiers, that he does not mean to say you said so, but that you gave him that impression. Is it true that in conversation with him you gave him such an impression?—No, I said the Stock Exchange said I was acting for Thiers, but then I did not know for whom I was acting, and some persons said I was acting for Louis Philippe.

5813. You did not say anything to convey the impression that you yourself believed they came from Thiers?—No; it was generally reported on the Stock Exchange that I was acting for Thiers.

[*The Witness withdrew.*]

Mr. *Henry De Berckem* sworn, and examined.

5814. Are you in business with your brother?—No.

5815. What connexion have you with the Exchequer Bills which are the subject of inquiry?—I have no direct connection with them at all.

5816. Do you keep your brother's accounts?—No.

5817. You appear to have been concerned in a transaction of recovering some bills which had been deposited with Mr. Bennison which were accidentally exchanged?—I was.

5818. Did you receive from your brother or from Mr. Mariner instructions to recover those bills?—From both, but they came from my brother.

5819. What did your brother say to you upon that occasion?—I suggested the plan to him.

5820. Had he been informed by Mr. Mayo, the clerk, of the accidental exchange?—He had been informed of the exchange of the bills.

5821. What passed between him and you upon the subject?—My brother informed me he was anxious to recover those bills which had been exchanged, and he said he did know in what way to do it. I replied, that I held it to be a fact that all Exchequer Bills could be retraced. He was too busy to do it himself, and he said, "If you will do it, I will remunerate you for your trouble." I willingly undertook the office, and I recovered them after great difficulty and trouble.

5822. Did he assign any particular reason for wishing to have them recovered?—The only reason I remember his assigning was that it was the wish of his principal, Mr. Mariner, who probably had his instructions from other sources.

5823. You say you saw Mr. Mariner upon the subject?—I think that Mariner spoke to me in the same tenor, expressing the same wish.

5824. Do you recollect what he said to you upon the subject?—No, I do not; I have no recollection of the precise words. I know there was the wish of recovering these identical

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bills. I was asked to assist in the recovery; I was remunerated for the trouble, which was great, and I succeeded.

5825. Do you remember the date of this transaction?—No, I do not.

5826. It appears to have occurred in November, 1840?—I think Bennison changed them.

5827. You say you saw your brother and Mariner upon the subject; did you see Rapallo?—No.

5828. You never had any conversation with him upon the subject?—No.

5829. When you ultimately recovered them you paid a commission to Mr. Ellis?—Yes.

5830. Did you receive a commission yourself from your brother?—Yes, I did.

5831. What was the amouut of it?—50*l.*, and I paid out of that commission all the other expences.

5832. What were the other expenses?—I had to go half through London, and had a good deal of cab-hire to pay. My ultimate profit perhaps might be 44*l.*; I paid the expenses out of the 50*l.*

5833. Did your brother ever employ you to raise money on Exchequer Bills when he was not able to attend to it himself?—Yes.

5834. On what occasion?—On various occasions; but all the money I raised was from the Bank of England, amounting in all to 31,000*l.*; but that I did not know till I was here; I did not know the amount I had raised.

5835. Were the transactions in which you were engaged in raising money for your brother only with the Bank of England?—Only with the Bank of England.

5836. His name was not mentioned in those transactions?—No; my name was mentioned with the Bank of England.

5837. Were you present at a conversation with Nathan?—Yes.

5838. When did that conversation occur?—I suppose in October or November last.

5839. Was it about the 15th of October?—Yes; in fact I frequently transacted business for my brother amicably.

5840. Do you recollect Nathan coming to your counting house?—Yes.

5841. State what passed?—As I understood, my brother had told Nathan he might borrow money on Exchequer Bills upon his account, he having boasted of great connexions amongst the Jews. Nathan was coming up the court where my brother's office is situated, my brother and I were together, arm in arm, coming down the court; he proposed a loan, I think he said from Samuel's house, at 7½ per cent. I was the first to speak, I said, "Such extortion as that will not be submitted to, the rate proposed is greater than the rate in the market."

5842. Did your brother say anything upon that occasion?—My brother confirmed what I had said, and spoke nearly the same words, to the same tenor.

5843. Do you know of his having gone to Masterman's to endeavour to raise a loan for your brother?—No.

5844. How long did this occur after the first introduction of Nathan to your brother?—I recollect meeting Nathan in company with my brother at Mariner's.

5845. Do you recollect any conversation that passed there?—No more than his speaking of him and his connexions with monied people.

5846. Did your brother on that occasion tell him to try to get a loan of money?—That I do not recollect at this moment; it is very likely.

5847. Did Nathan afterwards come over to your brother to his counting house?—He was coming to the office I conclude at that time. I can remember the day when the conversation occurred about the 7 per cent. No money I believe was ever borrowed through his means.

5848. How soon was the offer of money at 7½ per cent. after his first introduction to your brother?—A short time; perhaps a month or six weeks, or two months, after his first introduction.

5849. You cannot state the precise date of the offer at 7½ per cent?—I cannot.

5850. Was it October or November?—I think it was about October, but I know it was immediately before the discovery of this fraud.

5851. Do you know of Nathan's having applied for your brother to Masterman's?—No, I do not.

5852. Or of his having applied to Haes?—I have heard of his having applied to Haes, and I applied.

5853. Would that application to Haes be before or after the conversation about the 7½ per cent.?—I cannot say. I remember to have heard that he had applied to Haes, but I cannot recollect the date.

5854. Were you present when your brother showed Mr. Nathan a newspaper at the time there was a paragraph about these Exchequer Bills?—I do not recollect the circumstance.

5855. Do you recollect his having said "See what you have done by going to Mr. Haes?"—I do not remember that. I have another reason for remembering the words spoken, and the refusal of the money which was proffered by Nathan at 7½ per cent., that I had not any confidence in Mr. Nathan; that was my reason I was the more glad to refuse it.

5856. Do you know whether Mr. Nathan had at any time in his possession Exchequer Bills of your brother's to offer for a loan?—Never to my knowledge, and I believe my brother would not have trusted him with them.

5857. Are you cognisant of your brother's accounts and affairs generally with respect to loans on Exchequer Bills?—I was well aware that he had loans on Exchequer Bills.

5858. And of the way in which he did the business?—Yes, generally.

5859. To your knowledge, did he ever receive a profit on those transactions with Mariner beyond a half per cent., which he has stated was divided between himself and Mariner?—I have reason to believe that even that was not always charged; never beyond that.

5860. You have no knowledge or belief that there was any remuneration beyond that?—No.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'Clock.*

TUESDAY, 21st June, 1842.

The EARL of DEVON in the Chair.

Mr. *John William Cook* further examined.

5861. You made out the accounts *A* and *B* which have been handed to the Commissioners?—I did.

5862. You were the clerk of Messrs. William and James Morgan during the whole period to which the transactions refer, and kept their books?—Yes.

5863. Both those accounts are accurate according to the books?—They are accurate; I can test them by the books.

5864. The books contain an accurate account of the transactions of the house?—Yes.

5865. In Paper *A* there appears 15,000*l.* set down to Major Anderson, was not one of those, namely, 7065, included in the 16 delivered by Messrs. J. and W. Morgan to Squire?—Yes, it was.

5866. He is not mentioned in your Account *A*, though he was mentioned on your former examination?—Just so; they went in Mr. Squire's name into the Bank.

5867. In the same Account *A*, 15 are said to have been impounded by the Lords of the Treasury; are those the remaining 15 out of the 16 delivered to Squire?—Yes.

5868. Were not the whole of the 16 delivered to Squire, including No. 7065, impounded?—They were all impounded at the time.

5869. Have you the counterpart receipts of the 16?—Mr. William Morgan has them.

5870. To whom would those 16 belong, with the exception of Major Anderson's No. 7065, supposing them to be genuine?—For that I must refer the Commissioners to Mr. Morgan.

5871. No. 7065 belongs to Major Anderson; where did you get it, and at what time?—It was in Mr. Morgan's possession, and I put it into their hands on the 21st or the 22nd. I remember that it was on the 21st that it came into our possession.

5872. You got it from Mr. Morgan?—Yes.

5873. How came you to deliver Major Anderson's No. 7065 to Mr. Squire without the Major's authority?—I thought it was a good opportunity to fund it; but Mr. Morgan will explain that.

5874. That was your transaction?—Yes. Mr. Morgan was going to fund some bills; we had 20,000*l.* scrip, and required 15,000*l.* bills.

5875. Those were delivered to Mr. Squire as an additional security?—No.

5876. For what purpose were they delivered to Mr. Squire?—To get them funded.

5877. Was not it as an additional security to Mr. Squire?—That 1000*l.* was not. I believe the 15,000*l.* bills were to be exchanged.

5878. Was not No. 7065 included in those 16 bills handed over to Mr. Squire by way of additional security?—I did not understand that as to my 1000*l.*

5879. Were you present when those 16 bills were delivered over to Mr. Squire?—I think I was.

5880. Was any exception made as to No. 7065, as to that not being part of his security?—I said "I have 1000*l.* which I should like to get funded," and I thought it a good opportunity to get the money back again.

5881. Did you mention the number?—I cannot recollect that I did, but I gave that number.

5882. Did you mention No. 7065 to Mr. Squire as, or not, included in his security?—I do not recollect saying that.

5883. You made no mention to Squire of No. 7065 as not included in his security?—I do not recollect that I did.

5884. You held that at the time for Major Anderson?—Yes.

5885. Had you any direction from him to fund it?—No; but it was a loan; it was not bought for him.

5886. You had no authority to hand it over to Mr. Squire as an additional security?—No; but being his agent I did not think I was doing wrong.

5887. Had not Major Anderson desired you to hold it for him?—Yes, to keep the bill till he came to town.

5888. You held it on his account?—Yes, as security for a loan.

5889. How came you to hand it over to Squire among the 16 bills given him as an additional security?—Because I thought to get back the money by its being funded.

5890. The 16 were handed over to him as an additional security, were they not?—Mr. Morgan will explain the transaction. I understood myself that, if it had been funded, the money would have been given to me.

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5891. You did not say to Mr. Squire that that was to be so?—I asked Mr. Morgan to let me fund one.

5892. Did you say to Squire that, as regarded one of the 16 bills, it was not included in his security?—I took out the bill I had; it was not in Mr. Morgan's possession at the time.

5893. When the 16 bills were handed to Squire, which you say was in your presence, did you make any exception as to one of the bills that it was not to be included in his security?—I should rather say that I did not; I have no recollection that I did: but Mr. Morgan knows that transaction better than I do. I did it thinking to get back the money, and then I should have only 14 of Major Anderson's.

5894. If you had got the 1000*l.* on that bill, what should you have done with it?—I should have given it to Major Anderson. 15,000*l.* would not buy an even sum in scrip, and therefore I paid my bill to make the 16.

5895. Mr. Squire seems to have understood that the 16 were handed over to him as additional security?—Then there is a discrepancy; but Mr. Morgan knew very well that it was not his bill, but a bill which I held for Major Anderson.

5896. Mr. Squire has stated that Mr. Rapallo was present at this time when these bills were handed over; were you present when Rapallo was present?—I was not.

5897. You were not present at a conversation between Mr. Morgan, Mr. Rapallo, and Mr. Squire?—No; that was up stairs. Mr. Squire might have had 15 in his hands, and my sixteenth might have been added when I came back; but it is a long while ago.

5898. When that bill 7065 was placed in Mr. Squire's hands, who were present?—Mr. Morgan was present, and myself, and Mr. Squire.

5899. And nobody else?—No, I believe not.

5900. Who placed the 7065 in his hands?—I cannot say whether I placed it in Mr. Morgan's hands, and he handed it to Mr. Squire, or whether I gave it into Mr. Squire's hands.

5901. Who placed the 16 bills in his hands?—I do not know.

5902. Was there anything said to Mr. Squire as to there being any distinction between No. 7065 and the other 15?—I cannot recollect that there was anything.

(*The Evidence of Mr. Squire on this point was read to the Witness.*)

To the best of my recollection there was scrip to be bought to the amount of 15,000*l.*, and 15,000*l.* bills to be funded, and it appeared that it would require 16,000*l.* to buy 20,000*l.*, and having this one I said I should like to have the bill funded. Then I came back again, and gave the bill up. I had given it to Mr. Morgan, and perhaps Mr. Squire might not have heard that which I said, and may have taken them all as Mr. Morgan's.

5903. Were you aware that Mr. Squire went away with those 16 bills, thinking that at least 15 of them had been deposited with him as a security for his own debt?—No, I knew that 15 were going to be exchanged.

5904. Did you know that those 16 bills, or any of them, were placed with Mr. Squire as a security for his own debt?—I should say that this arrangement between Mr. Morgan and Mr. Squire was up stairs.

5905. Did you or not know before Squire went that those 16 bills were placed with him as a security for his own debt?—I knew that 15 were going to be funded.

5906. Did you know that 15 were placed with him as a security for his own debt?—As a further security certainly not.

5907. Then how did you account for their being placed in his hands to be funded, what should Squire have to do with them?—Because I understood the bills were to be changed. Mr. Squire held bills, and our 15 were to be changed.

5908. You understood he was to have 15 in lieu of the bills he held himself?—Yes.

5909. And you made no exception yourself to Mr. Squire as to No. 7065?—I cannot recollect that I did, but Mr. Morgan knew that the one did not belong to the 15 he had in his possession, that it belonged to me, or was in my possession.

5910. He knew it was in your hands on account of Major Anderson?—In my hands for money advanced, and I considered it for Major Anderson.

5911. Have you the letters Major Anderson sent you respecting the Exchequer Bills belonging to him?—I have.

The same were read as follow:—

"My Dear Sir, "Douglas, Isle of Man, September 15, 1841.

"I have taken this Island on my way from the North to pay a visit to my brother and family, who are resident here; and as I find it rather an agreeable place for a short time at this season, I shall stay a few weeks longer than I had at first intended. I am desirous to know whether the parties who borrowed the money wish to pay it off on the 10th October, as arranged for, or if they are willing to hold it for three or six months longer after that period; if so, I am agreeable that it shall so remain for whichever of the dates they would prefer, only to inform me, that I may make my arrangements accordingly. Waiting your reply, and with my compliments to the Messrs. Morgans,

"I am, my dear Sir,

"Very faithfully yours,

"*J. W. Cook, Esq.* "James Anderson.

"Please to address me:

"Major Anderson,

"Ballastoh,

"near Douglas,

"Isle of Man."

"Ballastoh, near Douglas, Isle of Man,
"September 27, 1840.

"My Dear Sir,

"I find that I shall have a 1000*l. on the 10th October* more than I shall require for the next six months, will the party who has the former sum take this also; if so, I shall remit it you by that day. Your answer will oblige,

"My dear Sir,
"Very truly yours,
"James Anderson."

"*J. W. Cook, Esq.*"

"My Dear Sir,

"Ballastoh, Isle of Man, October 9, 1841.

"I wrote you on Wednesday, and inclosed two bills, namely:—

	£.	s.	d.
"H. W. Balls to George D'Almain, due 15—18 October for . .	300	0	0
"William Addiss, dr. to G. and T. R. Chidley, 5—8 November .	207	10	0
"And I now inclose you the Clydesdale Bank Order on Barnett Hoares and Co., due 29th October, for	129	4	4
"Balls's Check on Cockburn and Co.	3	0	0

"These amounts, with what Mr. Ind, of Romford, will pay you on my account on the 11th instant, and the half-year's interest due on the loan on the 10th instant, after taking off the discounts, please to pay over either the whole, as I do not require the balance, or, if the party prefer only the net 1000*l.*, if so, send me a bank post bill for the balance, *accepted*, and keep the Exchequer Bill for the 1000*l.* till I have the pleasure of seeing you in town, which will be before long. Excuse this trouble, and believe me,

"Very truly yours,
"James Anderson.

"*J. W. Cook, Esq.*"

"My Dear Sir,

"Ballastoh, Isle of Man, October 16, 1841.

"Absence from home for a few days has prevented my replying to your favours of the 8th and 11th instant; will you be so good as to see what the balance is that I am indebted to you, and advise Edward Ind, Esq., Eastbury Lodge, Romford, the amount required to balance the net 1000*l.*, and he will either call on you with the money, or send you a check for the same: *when he pays you*, be so good at your leisure to send me a statement of the transaction. Excuse all this trouble, and, believe me,

"Yours truly and obliged,
"James Anderson.

"*J. W. Cook, Esq.*

"Should Mr. Ind not be coming to town the day you advise him of the amount *required*, he will send you his check on Barclay and Co.; he will no doubt like to cross the check with your bankers' names; I have told him I believe it is Jones Loyd and Co.: may as well say so, if I am right.

"J. A."

5912. What is the meaning of the claim of 6000*l.* in the name of Inglis in the account you have delivered in?—That I must refer to Mr. Morgan.

5913. The three bills you mentioned in your evidence as belonging to Bell and Steward were not got from Rapallo but from Tomkins, and therefore not included in the 161?—Just so.

5914. When you said in your last examination that the whole number in the schedule would be 158, that would be inclusive of Bell and Steward's?—Yes.

5915. There would be 155 in the schedule without including Bell and Steward's, to which six are to be added not in the schedule, making a total of 161?—Yes.

5916. Have you the letter to Solari, referred to in your former evidence, appointing Rapallo to conduct business for him?—Mr. Morgan has got it.

5917. In Paper *A*, in which you have given an account of the loans made by certain parties, does it appear for what periods the money lent by the different parties was lent?—It appears in the account itself, but not in the summary at the end.

5918. In Paper *B* is the cash on the debtor side cash advanced on Exchequer Bills at different times?—Yes, money lent him on Exchequer Bills. I think there may be one exception; but, according to my recollection, only one; with the exception of 1200*l.* on either side of the account.

5919. What will be the payment on the other side of the account?—Cash received from him in money and account.

5920. Has this account *B* anything to do with the stock transactions?—No, I have always considered this as referring to Exchequer Bills. He has sold his stock and paid me money.

5921. He gets credit in this account for the monies he has paid you, and, the produce of sales made on his account of stock?—Yes, the same as the other is, for stock bought.

5922. The account begins in May, 1836, and ends in October, 1841. It extends throughout the whole period of your transactions with Rapallo in relation to Exchequer Bills?—Yes.

5923. That account shows the balance of monies which he has received from you from time to time in respect of Exchequer Bills after deducting such sums as have been paid out he other side of the account?—Yes.

5924. What balance does it show that he has received on the whole?—147,213*l.*

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5925. That extends through the whole period, relating as well to Solari as Rapallo?—Yes.

5926. Would this account show how much money Rapallo had received, taking it as a closed account at the death of Solari?—It never was a closed account. I think the balance at the time of Solari's death was about 44,000*l.*

5927. When you debit him with those several sums obtained as the produce of Exchequer Bills, do you mean that that was all paid into his hands, or does it include what was paid to his use in the purchase of stock?—There is part stock and part money.

5928. The amounts put to his debit in this account were not all received by him in money?—No; it was partly in cash and partly in stock handed over to him. If the stock was worth 3000*l.*, and we paid him over 7000*l.*, we should call that 10,000*l.*

5929. Are you able to show what value you paid to Solari or Rapallo in respect of the several transactions with the parties who made the loans in the schedule?—No; I can only prove that from the general account.

5930. Did you receive from him Exchequer Bills from time to time in reference to the particular loan you were about to contract, or did you receive parcels of different amounts on which you were to raise money?—Parcels from time to time.

5931. What would regulate the amount of the parcels of bills he from time to time placed in your hands. Would it depend on the occasions he had in respect of stock transactions?—He would come to Mr. Morgan, and say, "Can you raise so much money on Exchequer Bills?"

5932. What regulated the amounts or parcels of Exchequer Bills he from time to time delivered to you?—The amount of money he wanted.

5933. He would come to you and say he wanted a certain amount of money?—Yes, that he wanted 5000*l.*, and he would bring 5000*l.* Exchequer.

5934. That amount he so placed in your hands would not correspond with the particular amounts as they appear in the table?—No. It was lent, we will say, to Mr. Solari, 10,000*l.*; then after it was borrowed for a week. Mr. Rapallo or Solari not paying it off we should have to borrow it of other people. But Mr. Morgan will explain that.

5935. What account do you put in as showing that Solari and Rapallo got the full balance for all the bills they placed in your hands?—Account *B.* That account I consider as showing the amount of money we have paid them.

5936. You consider that as showing that you have given them full value for all the Exchequer Bills they have at any time placed in your hands?—Yes.

5937. Are you at all able to tell what has become of that 147,000*l.* which they appear to have received from you?—No. I was not at all acquainted with their transactions. I did not know them at all out of the office.

5938. Are you aware of any stipulations having ever been made by W. and J. Morgan as to the return of the same bills from the parties with whom they were deposited?—No; it was never a matter of express stipulation; it was always understood.

5939. Are you aware of any bills being traced which had got into circulation by William and James Morgan with a view to recover them?—Never; I do not recollect a transaction of the kind.

5940. Major Anderson has said that he left with you a bill of 500*l.* on the 7th of June?—Yes, to be exchanged.

5941. What did you do with it?—I got it exchanged. It belonged to Messrs. Morgans' themselves.

5942. That is to say, that 500*l.* bill is a bill which had come from Messrs. Morgans through you to Major Anderson?—Yes; it had nothing to do at all with Rapallo's account.

5943. Do you know from whom that 500*l.* bill was obtained?—From the Exchequer office.

5944. Where was the bill which was left to be changed obtained?—Bought in the market a long time ago, and had been changed before.

5945. Can you prove that by reference to your books?—Yes; I can refer to when it was bought.

5946. The number of the bill appears to be 873?—The original number bought was 3219 when it was purchased.

5947. Where did you get number 873?—It was exchanged at the Exchequer office.

5948. Did you get it?—I should think I did.

5949. From whom was the original bill, that represented, bought?—I cannot tell that without reference to my books; I can show it by searching through my books, if it is required, and from whom it was purchased. It was bought for Messrs. Morgan, but not through Rapallo, for I am positive we never had a 500*l.* bill from him.

5950. Was this number 873 the only bill you took up to be exchanged at that exchange?—No, I took up two of my own.

5951. Where were those obtained?—Those were bought.

5952. They had no connexion with Rapallo?—No.

5953. You took up three bllls to be exchanged?—Yes, to the best of my recollection.

5954. You bought the other two on your own account?—Yes.

5955. Do you mean at that exchange?—I exchanged 1000*l.* bills at that exchange.

5956. How many numbers?—I think there were five single hundreds, but I am not certain.

5957. To whom did those five single hundreds belong?—I think I took them up for Mr. Bell, of Bow-churchyard. I remember taking up the 500*l.* distinctly, but I cannot speak to the others exactly; I think I took them up from Mr. Bell, of the house of Bell and Broderick, in Bow-churchyard. I think they were for 100*l.* each.

Examinations.

Mr. J. W. Cook.
21st June, 1842.

5958. In what relation did you stand to Bell and Broderick? were you their agent or broker?—I did business for them.

5959. Did you do business in the way of procuring loans for them on Exchequer Bills or other securities?—No, I never obtained any loans for them, merely investment in Exchequer Bills; but I am stating this from memory.

5960. Have you not the means of speaking with certainty?—No.

5961. You cannot state the fact with certainty that they belonged to Bell and Broderick?—No.

5962. What became of the other 13 bills which were left in your hands by Major Anderson?—I gave them with other bills to Mr. Rapallo to be exchanged.

5963. Had he asked you for the bills which were due or exchangeable at that time?—I think I said, "The bills have become due, and I had better exchange them;" and I gave him March bills for the June bills.

5964. Had he asked you to do so?—I always gave them up to him, and then he gave me other bills to exchange for them.

5965. Had he asked you for those bills, or others including those, for the purpose of his taking them up to be exchanged?—He said he wished to exchange the bills.

5966. And he gave you other bills and got these from you?—Yes.

5967. He did not say anything about his carrying them up to be exchanged himself?—Oh no.

5968. Did you offer to take them up to be exchanged for him? either these or any other bills?—Of course not, I had nothing to do with them, I never thought of asking him.

5969. Why not, as you were taking up other bills to be exchanged?—I had nothing to do with the exchanging those.

5970. It was understood between you, that that was always to be done by himself?—Yes.

5971. Had anything passed between you on the subject of the exchanges, and how they were to be managed?—No, he only brought other bills, and I, as Mr. Morgan's clerk, gave him the bills we had.

5972. When Major Anderson applied to you, upon the discovery that the bills were forged, and demanded repayment, did you tell him you were merely agent between him and Rapallo, and had nothing to do with it?—I said, "I had lent the money to Mr. Morgan."

5973. Major Anderson has said, that in November he went to Messrs. Morgan, taking with him those 13 bills and demanded whether they were prepared to repay the money? they replied that they were not, that they were merely agents between him and the borrower, Mr. Rapallo?—Mr. Rapallo was never an agent.

5974. Were you present at that conversation?—I might have been present, but I cannot recollect it, my mind was so distressed at the time.

5975. Can you say that it did not pass?—I cannot say that it did not, or that it did.

5976. Will you show the entry of Anderson's case in your books?—

(*The Witness produced the cash-book of Messrs. Morgan.*)

This is the entry, "April 10th, Major Anderson, J. W. Cook's friend, 14,000*l.*"

5977. When you receive commission on any transaction, how is it entered?—It goes into the stock-clearing book.

5978. Was there any charge to Major Anderson of commission in this matter?—No, none at all.

5979. There is no entry in your books containing a charge against Major Anderson in respect of this transaction?—No, none at all.

5980. It was never your intention to charge him?—No, never.

5981. You say you have not the account in which your commissions are entered?—I have not, but there is no entry in the account in respect of this transaction.

5982. Mr. Squire states that Mr. Morgan told him that he had had the 16 bills examined at the Exchequer office by his clerk; what clerk was that?—Some of our bills were examined.

5983. Do you know what clerk is there referred to?—Not at all.

5984. Do you know of any examination of any of those bills at the Government office?—I do not recollect anything of the sort.

5985. Did you take any bills yourself to be examined at the Government office?—No.

5986. What clerk is referred to?—That I cannot say.

5987. You never examined any bills at the Government office, or took up any to be examined?—No.

5988. What other clerk could have done that?—I cannot tell, I have not the least idea.

5989. Was there any other clerk who could have been entrusted with such a commission?—I should think not.

5990. What other clerk was there in the establishment?—I consider myself as Messrs. Morgans' clerk.

5991. With the exception of Mr. Edward Lloyd Morgan, you were the only clerk Messrs. Morgan had?—Yes.

[*The Witness withdrew.*]

Mr. *William Morgan* sworn and examined.

Mr. W. Morgan.

5992. You are aware that you can have professional assistance if you desire it?—Yes, that was intimated to me by letter, but I thought we should be sufficiently masters of our own case to give a plain statement of it without.

5993. You are the senior partner in the firm of William and James Morgan?—Yes.

5994. You are not a member of the Stock Exchange?—Not now.

Examinations.

Mr. W. Morgan.

21st June, 1842.

5995. When did you cease to be so?—In 1835.

5996. Under what circumstances?—In consequence of principals keeping me till a very late hour of the day to pay me a large sum of money, and they did not appear, and having paid a vast deal of money before I was obliged to make default; in fact I was waited on by members of the Stock Exchange, and they said, "Mr. Morgan do not think of defaulting, the amount is nothing after all; people owe you 10,000*l.*, we will take your notes of hand with a great deal of pleasure; we know you are locked up in shares, and one thing and another, we will take your notes of hand; for heaven's sake do not think of leaving. I said, "No I shall remain at home and realize my property now locked up, and I will not subject myself in the mean time to losses. I have paid so much in the Stock Exchange, I suppose about 160,000*l.* all together that I am quite tired of it." They said, "Let us introduce Edward." I said, "You may do as you please." It is a thing never known before, that they proposed my son and introduced him without going through the legal form out of respect to me.

5997. He has since that time conducted your business?—He has.

5998. There are six bills amongst those referred to the Commissioners, which you claim yourselves?—No, I claim them for Mr. Inglis.

5999. Will you explain under what circumstances?—He has a floating balance in our hands, and we have securities for it, and lock them up every evening, those securities are for his money that was floating in our cash, I had some for which he had some Spanish.

6000. Had you invested Mr. Inglis's money in Exchequer?—We had lent it, not invested it we lent it on such security as we thought proper.

6001. You had taken and disposed of it on Mr. Inglis's account?—Yes.

6002. Who is Mr. Inglis?—He was a partner of Mr. Ellice;—Inglis, Ellice, and Co., very respectable merchants, at one time, in Mark Lane, I have done business for the firm for 40 years; this young man has saved a little out of the wreck of his business, he treated me more as a banker than anything else.

6003. To whom did you lend that money, who deposited the six bills in question?—They were taken promiscuously out of the bills belonging to Solari, I locked them up.

6004. The bills of Rapallo after Solari's death, you mean?—Yes.

6005. You appropriated six of the bills in your hands to Mr. Inglis?—Yes, and one was in the hands of Ransom and Company, which I redeemed afterwards with money.

6006. There are six bills which have been referred to the Commissioners, 6444, 6421, 6422, 6423, 6445, and 6493, are all in your hands as securities for monies of Mr. Inglis?—Yes.

6007. They were all obtained from Rapallo?—Yes.

6008. They were not deposited by Rapallo specifically as security for that loan?—No.

6009. At what time was the appropriation made to Mr. Inglis's account?—From the very time we had them, I believe about the 16th or 17th October last.

6010. You appropriated them on an advance of 6000*l.*, Mr. Inglis's money?—Yes.

6011. At how much per cent?—We allowed Mr. Inglis 5 per cent.; I gave him the very extreme from friendship, more than any thing else.

6012. You consider those bills still as a security for him for 5 per cent.?—Yes.

6013. For what period of time was that loan?—We had it from day to day, but the money has been in our hands for two years; we lent it to Rapallo to return when he chose, our loans with Rapallo or Solari were for 14 or 16 days.

6014. It was lent at 5 per cent. from the 16th of October?—Yes.

6015. Did you render any account of this transaction to Mr. Inglis?—No, he left it entirely with us. He received the interest when he called for it; or whenever he wanted any part of his principal we paid him. We paid him 300*l.* at one time.

6016. What interest would Rapallo pay upon that to you?—Just the same; we never charged him any more than we paid ourselves, in consequence of charging him a small commission instead.

6017. One of those had been in the hands of Ransom, and had been redeemed?—Yes, I gave them a Bank note for it.

6018. The other five had always been in your hands?—Yes.

6019. Can you tell what number it was that had been in Ransoms' hands?—I have the bill in my pocket (*producing the same*); I see it is No. 6444; we gave Messrs. Ransom 1000*l.* for it; we have not the number of the Bank note.

(*The Exchequer Bill was delivered in.*)

6020. It had been deposited with Ransom on account of Rapallo?—In lieu of one that was left with Coutts, which was a good bill. We did not know what was good from bad; and in leaving them 40,000*l.* bills—one of the 40,000*l.* belonged to Ransom, and that is a good bill—Ransoms' came and said to me, "Mr. Morgan, you have returned us a bad bill for this 1000*l.* good bill; we will thank you for 1000*l.* for it:" therefore Coutts's balance is 39,000*l.*, one of theirs being a good bill. I kept one of Rapallo's in lieu of this, which I gave to Ransom, and that I have redeemed with a 1000*l.* note.

6021. The bad bill, as it appears, had got into his hands from yours, which you redeemed?—Yes, a bad bill, but which we did not know.

6022. Of course it was subsequent to this that you appropriated the 6000*l.* to Mr. Inglis's account?—Yes.

6023. When you redeemed it from Ransoms' it was considered a bad bill?—They called it a bad bill, but we believed it to be a good bill. The numbers of these bills and those which were examined were consecutive, and some of those have been paid.

6024. What proof can you give that Rapallo had had value from you to the amount of 6000*l.*, which those bills represent?—I must refer to Mr. Cook for that; it is in the general account.

Mr. *John William Cook* further examined.

6025. Do you produce the account relative to the advance of the 6000*l.* on the six bills claimed by Messrs. Morgan.

(*The Witness produced the account.*)

(*Paper C.*)

PARTICULARS of Money paid to Mr. E. Rapallo for 73 Exchequer Bills, of 1000*l.* each, referred to in the Account delivered in, shewing Messrs. Morgans' Claim for J. B. Inglis, Esq., on six Exchequer Bills, No. 6421 to 6423, 6444, 6445, 6493, of 1000*l.* each, dated 16th June, 1841.

			£.				£.	*s.*	*d.*	£.	*s.*	*d.*
13 Oct. 1841		Cheque on Jones Loyd and Co.								1,000	0	0
14 Oct.	,,	Ditto for	4,080	Spa. 5	Paid	Wolfe	910	19	9			
		,,	5,100	,,	,,	Loveless	1,138	14	8			
		,,	3,060	,,	,,	J. Burnand	612	0	0			
		,,	4,080	,,	,,	Pember	946	1	0			
		,,	2,040	,,	,,	Hewitt	456	9	0			
		,,	4,080	,,	,,	Chard	910	12	6			
		,,	8,160	,,	,,	Bone	1,821	19	6			
		,,	2,040	,,	,,	Wilkinson	455	16	3			
		,,	11,220	,,	,,	Jermyn	2,506	19	4			
		,,	12,240	,,	,,	Bond	2,978	1	7			
		,,	9,180	,,	,,	H. Smith	2,051	6	4			
		,,	4,080	,,	,,	Backhouse	929	16	0			
			69,360				15,718	15	11			
		Balance of foreign account on Oct. 15					823	2	9			
										16,541	18	8
15 Oct.	,,	Cheque on Jones Loyd and Co.								11,000	0	0
,,	,,	Ditto ditto								5,000	0	0
,,	,,	Bank note								1,000	0	0
16 Oct.	,,	Bank notes, Nos. 65,114 to 65,128		15/1000	dated Jan. 1, 1841					20,000	0	0
		60,694 to 60,698		5/1000								
,,	,,	Cheque on Jones Loyd and Co.								5,000	0	0
21 Oct.	,,	Ditto ditto			and Nos. of the							
		Bank notes	63,327 to 63,329	3/1000								
			59,251 to 59,253	3/1000								
			63,347—62,949—64,337—64,407—64,379—57,992—60,372—64,235—64,239.	9/1000	Jan. 1, 1841					15,000	0	0
,,	,,	Bank note								1,000	0	0
										£75,541	18	8

6026. (*To* Mr. *Morgan*). What do those entries on the debit side of the account refer to?—Payments made by us to different persons on account of Spanish stock.

6027. In what way did the 823*l.* arise?—(Mr. *Cook.*) It was a difference paid for Mr. Rapallo on that day.

6028. Looking to the account handed in by you, will you give the state of the account on the 17th of October, 1841, prior to the first advance in the paper now shown?—71,422*l.* balance against Rapallo.

6029. There was nothing afterwards received from Rapallo to go against the account you have now handed in?—(Mr. *Morgan.*) Not of the Exchequer Bill account. There is the general account, the stock account; but this is the Exchequer Bill account. We have charges of commission, and differences paid in the general account and interest, and so on, to a time which is not yet ascertained. We do not know with regard to the interest, but we can prove the value of the Exchequer Bills. Mr. W. Morgan.

(Mr. *Morgan was directed to furnish a general account of the transactions between his house and Solari and Rapallo from its commencement to its close.*)

6030. Do you produce any counterpart receipts for 16 bills which were lodged in the hands of Mr. Squire?—I do.

(*The Witness produced the same, and they were compared with the instruments purporting to be Exchequer Bills.*)

6031. Did you receive these from Mr. Squire?—I did, and I gave them to Mr. Squire.

6032. Will you state what passed between you and Mr. Squire relative to these 16 bills?—Mr. Squire came to our office a good deal alarmed.

6033. At what time?—I think at the end of October, whether the 28th or 29th I cannot exactly say, and said, "Morgan, I have examined my bills, and they call them spurious." I said, "It is a very strange thing; we have examined a good many of ours, but they all appear to be good, and are marked." He said, "It is a very strange thing. Can you send for

Examinations.

Mr. W. Morgan.
21st June, 1842.

Rapallo?" and I desired Mr. Cook to fetch Mr. Rapallo. Mr. Rapallo came in a short time, and was made acquainted that those bills had been examined and considered spurious. He was full of tears and grief, and he said, "I do not know, Mr. Squire, I think they are all very good bills. Mr. Morgan is satisfied with his bills; he has had a great many of them examined by different persons, and they are good. Mine are very satisfactory." Said Mr. Squire immediately, "What claim have you upon these bills?" I said, "I shall not have much claim upon them." He said, "Have you any objection to exchange these 15,000*l.* bills for 15,000*l.* Mr. Rapallo has given me, if you say they are good?" I said, "No, if Mr Rapallo requires me to do it I will do so." Mr. Rapallo said, "I do not see any objection;" and he sat down and wrote a letter which is here.

The same was read as follows:—

"DEAR SIR,

"MR. SQUIRE having acquainted me that the 21 Exchequer Bills lodged in his house by Mrs. Solari as a security for twenty-one thousand pounds having been examined at the Exchequer Bill office, have been declared to be bad ones, I accordingly authorize you to exchange them for any other bills belonging to Mrs. Solari now in your possession.

"I remain, dear Sir,

"Your very obedient Servant,

"*Wm. Morgan, Esq.*

"E. RAPALLO."

"4, Angel Court, October 28, 1841.

Mr. *Morgan.* Upon this we gave the 15,000*l.* bills to Mr. Squire. "Well," said Squire, "do they say these bills are good?" "Yes, I have got them marked, that is, tested."

6034. Who said that; we have had them tested?—I did. "Well," says Mr. Squire, "I have got some scrip, I think we will pay the bills in for scrip," or something to that effect. There were 15,000*l.* bills. Says I, "You will want another thousand pounds to pay up 20,000*l.* scrip. You must either buy a bill, or," said I to Mr. Cook, "do you want money for an Exchequer Bill?" He said, "I dare say I shall be called on." He had been in the habit of lending money on Exchequer Bills, and he produced one of his bills and put it among them, making 16,000*l.*, and Mr. Squire paid in the 16,000*l.* bills for scrip.

6035. Had Mr. Cook been present during the whole of this conversation?—I think he was in the next room; I do not know that he was exactly present.

6036. Was he present when the 15,000*l.* bills were ultimately placed in Mr. Squire's hands?—Yes, he was.

6037. Was he present at the conversation previous to that?—I do not know; he might have heard it, but I do not know that he did.

6038. Did the proposition for investing those 15,000*l.* bills come from Mr. Squire or from you?—I think it came from me. I said, "We shall have a surplus of bills; there must be some mistake; if you choose to have my bills instead of your own I will exchange them."

6039. What lead to the fixing the number of 15?—I had no more.

6040. How had you got possession of those 15?—They were left with me to raise money on.

6041. By whom?—By Rapallo; but the state of the Exchequer Bill market was such we could do nothing with them.

6042. When had he left those 15 with you?—He left those 15 I think about the 20th of October or the 21st; I think it was the 21st.

6043. You told Mr. Squire those bills had been examined or tested?—Yes.

6044. Mr. Squire has stated that you told him that they had been examined at the Exchequer Bill Office by your clerk, and been declared to be good and genuine bills?—Not by our clerk. I could not say that, for we had not examined any by our clerk.

6045. What did you say?—That they had been examined. I do not recollect that I said by whom.

6046. Did you say they had been declared to be good and genuine bills?—I said that the consecutive numbers. I do not know exactly that I said those bills, but that the consecutive numbers had been declared to be good and genuine bills.

6047. Did you say whether those particular bills had been declared to be good and genuine bills?—No, I did not; only the bills that followed consecutively had been.

6048. Did you say that those 15 bills had been examined at the Exchequer Bill Office?—Yes; or other bills consecutive with them.

6049. When were they examined at the Exchequer Bill Office, and who had taken them?—They were examined by Mr. Keyser; not those bills but consecutive numbers; those bills were never at the Exchequer Bill Office. I could not be speaking of those bills of which I knew nothing.

6050. Mr. Squire has said you told him that your clerk had been to the Exchequer Bill Office with some bills belonging to Mrs. Solari, which had been examined at the Exchequer Bill Office, and which you expressed a willingness to place in his hands. Is that true or not?—Not by our clerk; but that they had been examined at the Exchequer Bill Office.

6051. Had those bills been examined at the Exchequer Bill Office?—The others, the 15 which came with the same parcel had been examined; not those very identical bills, unless it was four which we did not at the time know had been, but we found afterwards that they had been.

6052. Mr. Squire has said that you told him that those 16 bills had been examined at the Exchequer Bill Office, is that true?—Not those identical bills.

6053. You did not say that?—No.

6054. Did you say with respect to those identical bills, that they had been declared good and genuine bills?—That some of them had.

6055. Referring not to any consecutive bills, but to those identical bills?—No, not unless you take it for granted, being following numbers, that they were good if the others were good. That was the way in which I conceived it.

6056. You did not say that those 16 bills or any of them had been examined at the Exchequer Bill Office?—No, not the identical bills.

6057. What you did say related to consecutive numbers?—Yes.

6058. Where were those consecutive numbers?—The 5000*l.* by Hichens, and the 15,000*l.* by Keyser, and Cooper's too.

6059. Hichens's, Keyser's, and Cooper's were consecutive with those identical bills?—Yes; they were received in the same parcel.

6060. Mr. Cook has said he got No. 7065 from you; from whence did you get that?—From Rapallo.

6061. Did you get it alone, or with others?—I got it with others. I think I got it with the 15,000*l.* on the 21st.

6062. At the time of the transaction with Squire, was it in Cook's hands or yours?—In Cook's hands.

6063. Did you know that he held it on account of Major Anderson or some other friend?—Yes; that bill was held for a friend of his.

6064. How came that 1000*l.* bill, belonging to Major Anderson, to be handed over to Mr. Squire?—He would have given back the 1000*l.* for it. Cook thought he should want the money for Major Anderson; he said he wished to dispose of the 1000*l.* bill, and that he might have it to make up the 16.

6065. From whom did the proposal come of paying them into the Bank of England for scrip. Mr. Squire has said that it came from you?—Yes, I think it did; it was impossible to do anything by the sale of Exchequer in the market; the only way of getting money in was by sending them in for scrip, and we could have sent in the whole we held for scrip, but we did not.

6066. Mr. Squire has said he has no claim on those 16,000*l.* bills. To whom would they belong, supposing them to be genuine bills?—They certainly belonged to Solari.

6067. To whom would they belong, supposing them genuine bills, Solari being dead?—Rapallo, unless I have a claim upon them; I do not know what claim I might have.

6068. What claim could you have?—When the balance is against a broker, and he is damnified by his principal, he has a right to hold them.

6069. If there is a balance on the general account you mean?—Yes.

6070. At the time of this transaction with Squire, do you know at all how the state of the account stood between you and Rapallo—did Rapallo owe you money at that time?—I should conceive the account was nearly at a balance, but losses on the account have happened.

6071. Rumours had reached you at that time of bills which had passed through your hands, not agreeing with the counterfoils, and that there was a doubt whether many of the bills which had passed through your hands would prove to be genuine?—No, I think not.

6072. You were aware that bills which had passed through your hands had been examined with the counterfoils, and found not to agree?—Mr. Squire's bills were not mine.

6073. At the time of this transaction with Squire, you knew there was a doubt whether some of the bills which had passed through your hands would ultimately turn out to be genuine?—Yes.

6074. Under those circumstances you were aware you might come under liability on those bills to the parties?—Yes.

6075. Under these circumstances how came you to give up 16 good bills to Squire instead of retaining them against any possible loss?—If they had been all bad, that was one thing, but I considered them all good.

6076. You admit there was reason to doubt whether some of the bills which had passed through your hands would not turn out to be bad?—No, certainly not; because if the bills were examined with the counterfoils, every single bill we held could be tested by those which had been examined. I conceived therefore that all ours were good; I had not the least idea that ours were bad.

6077. You mean to say that at the time of this conversation with Squire, you were thoroughly convinced that all the bills which had passed through your hands were good?—Yes.

6078. And that, under that impression, you gave up those 16,000*l.* bills?—Yes, just so.

6079. If you had believed that you might come under liability to a much greater amount, on account of the bills which had passed through your hands, would you have given up those bills?—Certainly not; I had a thorough conviction that they were good.

6080. At that time were you aware that, on the 29th, advertisements had appeared from Government, calling on parties to bring in their bills to be examined with the counterfoils?—Yes, there were a great many that would not part with their bills.

6081. How were you paid, in your transactions with Rapallo, on Exchequer Bills?—My remuneration was fixed on with Solari. We had an hour's conversation: it was conceived that that loan might be paid off very shortly; and so it went on from year to year; and he said, "Now, Mr. Morgan, as you have Government security to advance your money on, that loan is at no risk; and therefore you must be as light in your charge as possible." I said, "I will tell you, Mr. Solari, if you will leave it alone to me. I will let you have the money precisely as we have it, and you will make me a small commission at the end of the year." He said, "Do it as you like; I have full confidence in you. You have plenty of security on the account for any charge of that amount; for there is the accruing interest as well as the

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premium on the Exchequer Bills, which will always satisfy you. Whatever you say, I shall be quite satisfied with it." And he said, "We shall soon close the account." But it was carried on from 14 days to 14 days, and from year to year.

6082. What was the rate of commission you agreed on?—A half per cent.

6083. Was that rate of remuneration carried on in the same way in Rapallo's time?—Yes, it was consented to.

6084. Was it charged so in your books?—No, it was not so charged; for no charge appeared till the account was closed.

6085. Is there any charge of commission in your books, from beginning to end, as between you and Solari or Rapallo?—Against Solari there is; and all the way down to Rapallo.

6086. After Rapallo took the management there is not?—After Rapallo took the management there is not.

6087. Will you explain that?—In fact, we did not make any charge at all; we have taken no money.

6088. The question is, as to the manner in which these charges were entered in your book. You say you entered it, on Solari's death, as commission?—Latterly, at the close of the account, we charged our commission as was agreed on, as we had not charged it before.

6089. Do you speak of it before or after Solari's death?—After Solari's death, I considered Rapallo as Solari.

6090. In Solari's lifetime, was any commission charged against him in your books?—No; it was agreed when the account was closed to be charged.

6091. Then there is no charge in your books as against Solari?—No.

6092. Is there any account in your books, against Rapallo, on account of commission?—No.

6093. There was no account after Solari's death any more than before?—No. It was understood that the account was to be closed, and then it was to be charged. We did not expect it to be closed in this way.

6094. In what way does it appear upon your books that you were to be remunerated for what you did?—That does not appear at all in our books; but we never could have intended to charge the interest as we did. We had charged a very low interest. If we were not to have a commission we must have charged a larger interest.

6095. Was any commission ever paid by Solari or Rapallo to you?—Never but on stock.

6096. There was a brokerage payable to you on account of stock transactions?—Yes.

6097. Was that brokerage paid on account of stock transactions in both Solari's and Rapallo's time?—Yes.

6098. What was the commission charged?—We never charged them more than half commission.

6099. How is it that no charge of commission appears in your books, provided there was an understanding that you were to be paid at a certain rate?—They put it off in a sort of lax way, saying there was plenty of security.

6100. What account have you rendered to Solari, or, since that, to Rapallo?—We have rendered this account.

6101. Were there cash balances paid?—No, never on Exchequer. The Exchequer was always running; it was never closed.

6102. The Exchequer was never a settled account?—No, we were never paid off. We have had it diminished and increased. It has fluctuated, but it has never been paid off.

6103. There has never been any payment made on account of the balance?—No; every transaction balanced itself with the Exchequer Bills, and a balance cheque was given for it. For instance, if there was 10,000*l.* Exchequer, and he desired us to purchase 5000*l.* in Spanish, we gave him the 5000*l.* Spanish, and a 5000*l.* cheque.

6104. In the accounts you rendered from time to time you would charge the brokerage on your stock transactions?—Yes.

6105. That would appear in your accounts?—Yes.

6106. Was any account rendered of Exchequer Bill transactions?—Yes.

6107. Showing the state of the accounts on Exchequer Bill transactions?—Yes; every Exchequer Bill account settled itself.

6108. When he placed Exchequer Bills in your hands, was it in respect of a particular advance to be obtained from particular parties, or did he place Exchequer Bills in your hands generally, for you to raise money upon them?—He brought us 10,000*l.* Exchequer Bills, saying, "Mr. Morgan, I want so much stock purchased, take it out of these Exchequer Bills, and give me a balance cheque."

6109. Then there would be an account rendered of that?—Yes.

6110. Did that account contain any account of commission?—Yes, on the stock, but not on the Exchequer.

6111. Accounts were rendered, from time to time, of the produce of the Exchequer Bills he brought to you?—Yes.

6112. In those accounts no commission was charged by you in respect of Exchequer Bill transactions?—No.

6113. But the brokerage due to you, on account of the stock transactions contained in that account, would appear in that account?—Yes.

6114. You have said it was a lax thing, not charging the commission regularly in your books?—In fact, we never have been oppressive as to charges.

6115. Is there any further explanation you wish to give why commission was not charged in your books, or in the accounts rendered on Exchequer Bill transactions?—It was in consequence of our considering the account as to be closed any 14 days, and it was to be so

charged when the account was closed. He would see, from the moderate charge of interest we had made, that we ought to have compensation either in the one way or in the other, either by a commission or by a difference of interest, borrowing at 3, and charging, as other brokers have done, at 4, for instance.

6116. Your commission was to be at the rate of a half per cent. per annum?—Yes.

6117. When would that commission be regularly settled between you?—Once a-year.

6118. Your account began in 1836 and closed in 1841; was there any year at the end of which you came to any settlement for commission?—Never.

6119. Or made any charge for it?—No; it must be considered lax certainly.

6120. Is there any explanation you wish to give?—No further than that we ought to have charged it, for it was a very troublesome account, and we were not nearly paid for the trouble we had.

6121. In the account you made for loans you did not charge a higher rate of interest to him than you paid the other party?—No; it is continually done in that way, but we do not do it. I could have had 5 per cent. on the money when I charged him 3½; it was a most moderate charge, but I considered the security as good.

6122. What remuneration, in point of fact, have you ever received from Solari or Rapallo in regard to your transactions on Exchequer Bills?—Never any on account of Exchequer Bills; it was left to the closing of the account.

6123. You never in any way, in the way of commission or otherwise, derived any benefit or remuneration on your transactions on Exchequer Bills with Solari or Rapallo?—Never. He generally did his business with us in the most fair, honourable, and moderate way, considering the security, as I have before said, to be Government security.

6124. Would it be enough for the loan to be secure if you received no remuneration?—The remuneration would be at the end; then I would submit to him a comparative statement of the interest market and the commission of a half per cent., and have given him his option whether to have paid a half per cent. or the increased sum we might have charged as interest. Interest has been as high as 7 per cent., and that made the trouble on the Exchequer Bills a great deal more.

6125. You appear to have said before the Stock Exchange Committee that, on examination of your books, you found that, between April, 1838, and October, 1841, you had delivered on bills to Rapallo 269,000*l.* Spanish stock, paid for out of Exchequer Bills, besides a considerable balance in money; is that the case?—I dare say it is. Our books will show that. I believe it is the fact.

6126. Can you give an account of what he has done with the amount so delivered to him?—No; my impression is that he deposited the Spanish stock, or whatever securities he might have in lieu of those Exchequer Bills, with the man of capital from whom he told me he had the Exchequer Bills.

6127. The losses he might sustain on the Stock Exchange were not sufficient to account for the whole of this money, or a considerable portion of it?—No; I should not think more than 100,000*l.*

6128. You state that you paid him a balance of 269,000*l.* Spanish stock, and also a considerable balance in money; that was after making allowances for the losses he sustained in the stock market?—Certainly it was. I believe that Cook went into that particular, and gave almost the amount of the losses, charging interest and all.

6129. When did you first become acquainted with Solari?—I became acquainted with Solari in April, 1836.

6130. How did you first form your acquaintance with him?—I met him at Mr. Green's, a friend of mine, who had been very ill; and I had occasion to go to South Lambeth, and took Mr. Green's in my way to ask him how he did; and while I was sitting with Mr. Green, Mr. Solari came in, and Mr. Green introduced Mr. Solari to me as Mr. Morgan. Says he, "I have seen Mr. Morgan; his face is very well known to everybody who knows the city." He commenced talking the common talk.

6131. Is that Mr. Green of Basinghall-street?—He has an office in Basinghall-street. He is nephew to Mr. Nicholls.

6132. Had you any other introduction or recommendation of Solari before you entered into transactions with him?—No; the conversation we had was this: at Mr. Green's he said, "Mr. Morgan, I perhaps might do some business with you some day." I said, "I shall be very glad." He said, "If you can tell me of any speculation I shall be happy to enter into it, as I have a friend, who is a large capitalist, and who will lend me money to take stock, or anything of that kind." I said, "It is not my habit to recommend persons to speculate." He said, "Very well; but I should hope you will give me your opinion if I should think of anything." "Yes, certainly, I shall be at all times very glad." He said, "Is it in your line of business to advance money on Exchequer?" I said, "Yes, I should be prepared to any extent." He said, "I may be shall want a loan on Exchequer some day." I said, "I shall be very happy to accommodate you, for," said I, "I am diminishing my bill business very much. I used to discount bills. We have a number of people with capital to spare, and shall be very happy." I believe nothing else happened at that time; and I went away, and never thought any more of it, till one day he looked in.

6133. How long after?—I think it was the 9th of May; that is our first entry. He said, "Mr. Morgan, I should like to borrow 1500*l.* on 2000*l.* Exchequer Bills for a month or so." I said, "You can have it with the greatest pleasure;" and we gave him a cheque for the balance, and soon after those bills were redeemed and taken away.

6134. You think the first transaction of this kind was in May, 1836.—Yes.

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6135. Had you at that time had any other recommendation or introduction to him than you have spoken of?—Not the least.

6136. From that time your transactions with him proceeded?—Yes, and gradually increased.

6137. Did he ever after that give you any account of the persons with whom he was acting?—Never; I had not the least idea.

6138. What did you know at this time of his apparent circumstances and property and mode of living?—I did not know anything about it. I considered him a very fair man, and, having a principal a rich man, I considered him highly respectable, and, bringing Exchequer Bills in his hand, I thought that quite protection enough; not questioning anything; I gave the money off hand.

6139. Till the time of his death you never had any further account of his property or connexions?—No, never. I considered him one of the most punctual men I ever had to deal with in my life.

6140. Had he a banker when first you began to deal with him?—I believe he had.

6141. Can you say who it was?—I am not sure whether it was Glyn or not.

6142. Had he any other afterwards?—He got me to introduce him to Loyd; and I introduced him to Ransom's.

6143. Did you introduce him to Masterman's?—I do not know indeed.

6144. Had he an account with Masterman's?—Not to my knowledge: he had an account with Sir Charles Price.

6145. How did you first become acquainted with Rapallo, and at what time?—A little before the death of Solari. Before he was taken ill he used to come backwards and forwards with messages.

6146. Was that about a year before Solari's death?—Yes.

6147. That was the first time you saw him?—No, I had seen him for two or three years before, but never spoken to him.

6148. When you first saw him what was his situation in life?—I do not know indeed.

6149. Did you know him to have any connexion with Solari?—No, not the least on earth, till Solari introduced him to me.

6150. In what way did you see him?—In the street.

6151. Had you any information about him at that time?—Not the least.

6152. What makes you recollect that you had seen him?—He was a remarkable kind of man.

6153. How did you know his name?—I do not know that I knew his name; I had seen him go backwards and forwards to the Stock Exchange, and on Change he came and spoke to Mr. Rothschild while I was walking with Mr. Rothschild, and Solari spoke to Mr. Rothschild when he met him.

6154. You know of no connexion he had with Solari till Solari introduced him to you?—No.

6155. In what capacity did he introduce him to you?—He introduced him to do business for him just as with himself.

6156. Was that by letter?—Yes, which letter I have here.

The same was read as follows:—

"Messrs. William and James Morgan.

"GENTLEMEN, "London, 16th September, 1839.

"IN consequence of indisposition, I have deputed Mr. Rapallo to carry on my Exchequer loan and stock account with you upon my account, you will therefore do by him the same as you would for myself until further orders, and am,

"Gentlemen,
"Yours,
"A. SOLARI."

Mr. *Morgan.*—Then after the death of Solari I received this letter from the widow:—

The same was read as follows:—

"DEAR SIR, "London, 5th March, 1841.

"I BEG you will have the goodness to hold 16 thousand March bills till 20th or 22nd of this month, when they will be exchanged by my friend, Mr. Rapallo; I also beg to sanction all transactions he may have with you, the same as was agreed to by my late husband.

"I remain,
"Your obedient,
"E. SOLARI,

"*W. Morgan, Esq.* "Executrix of the late Angelo Solari."

6157. Had there been any previous communication between you upon that subject?—I sent word I would not go on without that letter; I sent for Rapallo and told him I could not do any thing for him after the death of Mr. Solari, till I had the authority of his representative or executor.

6158. Was there any witness to that conversation between you and Rapallo?—No, I do not know whether Cook recollects it, but he brought me that letter in consequence.

6159. Did Rapallo in the course of his transactions with you profess to be acting on account of Solari or Mrs. Solari?—Decidedly, his name does not appear at all in our books but with relation to one affair of 5000*l.* Portuguese.

6160. Did he transact business with you as the agent of Solari?—Yes.

6161. Did he give you any other account of the person for whom he was acting?—No.

6162. Where did you suppose the funds to come from by which the Exchequer Bills were from time to time procured?—I conceived from some rich friend of Solari's; who he was I did not know.

6163. How did you suppose the Exchequer Bills to be procured?—I thought they belonged to the person for whom he was acting, I did not know how they came into his possession.

6164. Did Solari or Rapallo ever employ you to buy or to sell Exchequer Bills?—Never.

6165. Did you know of the dealings of Solari or Rapallo with De Berckem?—No, never; I did not know of any money being raised by any one but ourselves until this blew up, then I was astounded by finding that he had had sums of money on Exchequer Bills through other parties.

6166. Was not it latterly notorious long before the discovery of the fraud, that De Berckem was engaged in borrowing money on Exchequer Bills?—Not by me, I had not the least connexion or knowledge of him whatever, it was almost surprising that I had not.

6167. Did you ever know any broker employed by him to buy Exchequer?—No.

6168. Are you yourself broker to any banker?—Yes, to Messrs. Ransom and Messrs. Herries.

6169. How long have you been so?—Thirty years till this business happened; it has destroyed my business.

6170. Did you ever think to ask Solari or Rapallo why they did not sell their bills?—No, this I have said very often when money was scarce,—I have said, "Money is so scarce we are called on to turn our loans sometimes six days in a week, some of these days I am afraid we must sell these bills;" he said, "Oh, if you cannot borrow money upon them you must sell them;" he did not make any kind of difficulty upon it, "but I had rather not," he said.

6171. Did he say why he had rather not?—No, he did not.

6172. You obtained a loan of money from Coutts's?—Yes.

6173. You were then desirous of obtaining 40,000*l.*?—Yes.

6174. Why did not you sell the Exchequer Bills?—We tried to the very last, and if we had not succeeded we should have sold them; the fact is I expected the money from the Bank; I had, in fact, engaged it, and when I went to the Bank to receive it, it was within the 10 days, and I could not get it, and I went over to Loyd, my banker, and said, "Have you any money over;" he said, "Morgan, I have just parted with all I had over, if you come to-morrow you may have what you want;" I said, "To-morrow will not do, I must have it to-day." I think I went to Stephen Barber, to ask him whether his bankers, Glyns, would make a loan at 5 per cent.; he said, "I will go and see;" I said, "I should like to take it for three months, it is wanted for three months;" he said, "I will let you know;" and he went and said, "My bankers do not like to be locked up for three months, they would lend it for a short time;" and I said, "I should like to take it for that time;" he said, "No, they had rather not."

6175. You had applied to the Bank of England for a loan?—Yes, they said I might have it for a few days, but I delayed till it came within the 10 days, and when I went on the 15th to get the loan at 2 o'clock they could not let me have it according to the rules of the house.

6176. It has been said you made application also to bankers, what bankers do you mean?—Jones Loyd and Company, but the fact was they had been discounting.

6177. Can you remember what you said to Jones Loyd and Company?—Yes, they had been discounting, and parted with all their loose money.

6178. Lord Strangford has stated that you had said to him that your bankers, to whom you had applied, had told you that it did not suit their arrangements to lend the money, to whom does that refer?—Jones Loyd and Company.

6179. Are they your bankers?—Yes.

6180. Why did you want the money for three months?—Rapallo required it for three months.

6181. Do you know for what purpose?—No.

6182. Was this to pay part of the large sum he had applied to you for?—Yes, 60,000*l.*

6183. When he made that application, how much did he already owe you?—I should think he owed me 70,000*l.*

6184. You stated when examined in Downing-street in October, that he at that time owed you 80,000*l.*?—It might be so.

6185. You stated that he came to you on the 15th of October to raise 60,000*l.* to make up Spanish stock?—I think it was the 13th that he applied.

6186. The account is in other respects correct?—Yes.

6187. You went on to say your account was very heavy already but that ultimately you went to Coutts's for 40,000*l.*?—I had written first to the Bank of England.

6188. You ultimately agreed to advance him the 60,000*l.* if you could?—Yes; and I said, "We are so torn to pieces I will write to the Bank to ask for 60,000*l.* for three months," and I wrote to them.

6189. Have you a copy of the letter?—No; they brought the letter back.

6190. What was the effect of your letter?—Saying; we had been applied to by a friend for an advance on Exchequer Bills of 60,000*l.* at 5 per cent., and that if they could accommodate me for three months I should be obliged. I received a verbal answer to say that it was not within their time and they had rather decline it, that if they had been lending money it would have been a different thing but that they were calling in their money. I went and saw the governor and said, "You act as discount bankers, I should think it would be a very tempting loan;" he said, "No, Mr. Morgan: tempting as it is we must resist, it is contrary to our rules;" and in going out I met Sir John Rae Reid.

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6191. How do you mean that it was contrary to their rules?—They lend it only at the end of the quarter not for such a time as that; I met Sir John Rae Reid at the door, and told him the governor had refused a very advantageous loan; he said, "I will tell you, Morgan, if I was governor you should have it; still," says he, "you cannot have anything till the 21st." I said, "That is so short a time, and I do not like to borrow loans for such short times, but if I cannot do otherwise I must wait for the 21st." This was the 13th, and I rested satisfied that if I wanted on the 21st I should have it on the 21st, but it happened to be within the 10 days; and they said, "Mr. Morgan, we cannot lend money for less time than 10 days, the 10 days is up;" I said, "I do not know how to meet you, we have got 60,000*l.* to raise to day;" and I went from thence to Loyd's, and he said, "I have discounted, Morgan, as much as I wish to discount to-day and must decline it."

6192. You then met Lord Strangford?—Yes.

6193. Rapallo told you he wanted 60,000*l.* to make up Spanish stock?—Yes.

6194. How would that require a loan for three months?—I do not know.

6195. You obtained 40,000*l.* out of the 60,000*l.* at Coutts's?—Yes.

6196. Did you obtain the remainder of the 60,000*l.* or not?—Yes.

6197. Where did you get it?—We borrowed in the Stock Exchange; for before I came home, my son had covered the account in the Stock Exchange, and we paid them off again the next day with part of Coutts's money.

6198. Did the 60,000*l.* come to Rapallo's hands?—Yes, every farthing.

6199. To whom did you pay the first 5000*l.* you took at Coutts's?—The first 5000*l.* I took to our own bankers; there was not much doing then, and there was a great piece of work. I missed the bills when I went to Coutts's having left them on my desk, and I conceived I had given them to Lord Strangford, and got very much frightened, and after the loan was negociated I ran back as fast as I could to get the bills and I asked them about the money; they said, "Oh, we have got the money and 1000*l.* over." I said, "Oh, I have borrowed the money, I shall leave 35,000*l.* there and will bring 5000*l.* in Bank notes back and leave the rest till to-morrow."

6200. To whom did you say that?—To our clerk, Cook, that I had borrowed the money and must go back immediately for it, and I took 35 Exchequer Bills with me; they had no more, having used the others to borrow money for a day. When I went to Coutts's, I found it was all right with regard to the bills, and that I told them, I would call for the money next day, but that I would take 5000*l.* to leave a better balance at the Bank.

6201. In what shape did the 60,000*l.* come into Rapallo's hands?—He was paid by the Bank notes and cheques; 20,000*l.* of the Bank-notes we got from Coutts's, and the rest in cheques on our bankers, as the account will show.

6202. Your cheques on whom?—On Jones Loyd and Company.

6203. You must have drawn upon them to the amount of 40,000*l.*?—Yes; I suppose we did.

6204. Sir Edmund Antrobus has stated that you said to him when told that the bills did not agree with the counterfoils, "Do you mean that every bill was a bad one?" Do you remember using that expression?—Yes; not in Sir Edmund Antrobus's presence but in the presence of Mr. Coulthurst.

6205. How came you to use that expression?—In checking off our bills the day before, we found that one of Messrs. Ransom's bills had been placed with Coutts's. I happened to recollect that, and I stated to him, "Were they all bad?" No, they cannot be all bad; I should think or else Ransom must have bad bills too, for one of those bills happened to be Ransom's." He said, "How do you know they were Ransom's?" I said, "My dear Sir, do you suppose we do not keep an account of the bills? There are so many of Ransom's and so many of Rapallo's."

6206. Do you recollect the date of this conversation?—No, I do not; but I think it must have been about the 27th or 28th of October; I was never so surprised in my life. He asked me why I did not come before? I said, "When I heard the report about the Exchequer Bills I considered that all ours had been examined."

6207. What did you say to Lord Strangford about the necessity for your getting that loan?—I told him that money was very scarce in the city, and said, "This is owing to the funding, and our ministers have managed it somehow or another very badly; here are the dividends just paid and there is not money to be got on Exchequer at 5 per cent." He said, "Is it absolutely necessary?" I said, "Yes, it is, for we have drawn cheques against it; that is all I said on that point." I said, "Do you think your bankers would lend a loan of 40,000*l.*?" He said, "I should not wonder at all; if you will put yourself into a cab with me I dare say they may, for what can they do better than lend their money on Exchequer Bills?"

6208. Lord Strangford acted in this manner as your friend, and for your assistance?—Yes; he has been shamefully used by Coutts's. It was pure good nature, and I am sure I shall never forget it; he had not the least interest in the world.

6209. Did you give Sherman five bills to be taken up to the Government office to be examined?—We gave Mr. Hichens those bills. Mr. Hichens came to me, seeing this report in the "Times," and says, "Morgan, what is this about Exchequer Bills? The market is quite at a stand-still." I said, "I really cannot tell what it is; I have sent over to our principal." I am not sure whether I said "Rapallo." No, I recollect I did not say "Rapallo;" but, "I have sent over for our principal."

6210. Where did this take place?—In my office. "I have sent to my principal, to say there is this rumour about bills; but I hope all the bills are good." He said, "O dear yes, perfectly good; but why do not you have them examined?" I said, "I must do so for the satisfaction of my mind."

6211. What was the date of this?—I think that was the 21st. I said, "I have sent for my principal, and he requests I will take them to the Exchequer Bill Office, to examine them; I should rather you should take them than myself." And says I, "You had better examine your bills." Says he, "I have not any of my bills by me." Says I, "Here are five I have; indeed there are 20. Will you take the whole of the 20?" "No," he said, "five are as good as 20. I suppose you had them from the same person." I said, "Yes, I had." He took the five, and had them examined; and, when he came back, says I, "Have you had them examined?" "Yes." He returned me the bills. When I was giving evidence at the Treasury, they asked me whether I had had the bills examined. I said yes, I had had them examined and marked. Mr. Maubert was sitting there; he said, "Yes, they are marked by me." "Marked by you! How came you there?" He said, "I met Hichens, and went over with him, and we examined them with the counterfoils." "Dear me!" says I, "I did not know you were there. I knew that Mr. Hichens had examined them. I considered the initial at the corner was the initial of the gentleman who examined them." He said, "No, it is my initial; for we examined them, and I put my initial on the side."

6212. How came you not to go up yourself with the bills?—I was very busy; and, as Hichens was very much interested, I wished to give him the satisfaction. I thought it would be more satisfactory. He volunteered.

6213. How much per cent. did you authorize Mr. Barber to offer to Glyn and Company?—Five per cent.

6214. On what day was that?—On the 15th.

6215. For three months?—Yes.

6216. For what sum?—I think it was 40,000*l.*

6217. Did you offer Mr. Barber a commission besides?—No; I said, "If you can get anything by it you may.

6218. He swears he was offered a commission; is that true?—No; I said, if he could get anything out of it, he was at liberty to keep that himself. I thought he might get it at four.

6219. Have you been engaged in speculative business?—I have been engaged in speculative business.

6220. Largely?—No, not of late.

6221. During your connexion with Rapallo?—No.

6222. Or in Solari's time?—No.

6223. Have you been engaged in such transactions on your own account?—Very trifling, from 1836 to the present time.

6224. During the period from 1836 to the end of your connexion with Rapallo, had you some transactions on your own account?—Very little; not more than 30,000*l.* or 40,000*l.* at a time.

6225. Speaking generally, what might be the amount of your own transactions, of that nature, in the course of a year?—I do not think it would be more than 150,000*l.* in the course of a year.

6226. Speculative business, on your own account?—Yes.

6227. 150,000*l.* sterling?—No, in foreign stock.

6228. Would they be in the nature of what is called "time bargains?"—Yes.

6229. Solari's and Rapallo's transactions in the Stock Exchange were also partly time bargains?—Yes; but, whenever that was the case, we always had security, and never parted with the Spanish stock till everything was settled, four or five days afterwards.

6230. Always, with the exception of the amount of your commission on Exchequer?—Yes, we never charged that.

6231. How far are your resources such as to enable you to meet your debts and liabilities, including those you may have on Exchequer Bills?—They are not such as to enable me to meet my debts and liabilities, including those on Exchequer Bills.

6232. Are you to be understood that the conversation you had with Mr. Hichens was at your office?—Yes.

6233. Did he first speak of any report about Exchequer Bills, or did you refer to what had occurred?—He came, in consequence of the report he had heard that was in the "Times," to ask me whether my Exchequer Bills were all right; that he hoped that my Exchequer Bills were all right, because the Exchequer-Bill market had come positively to a stand still. I told him I had sent for my principal; that he assured me that his Exchequer Bills were good; but that I might take them to the Exchequer Office, and examine them.

6234. That was what your principal said, and which you repeated to Mr. Hichens?—Yes.

6235. Did you make any proposition to Hichens, that if he did not like Exchequer Bills he might have some Spanish stock?—No, I did not.

6236. Did you make no such proposition?—No.

6237. Was there any reference made to the sort of difficulty there was in Exchequer Bills, and what the nature of the difficulty was?—Not the least. We were all in consternation, and could not conceive the meaning of the paragraph in the paper.

6238. There was no reference at all made then to forgery?—Not the least; there was not the least idea of forgery at that time. I had been used to Exchequer Bills all my life, for 50 years in active life dealing in Exchequer, and I could see no difference myself.

6239. With reference to one, which appears to be a good one, which got among the parcel of Coutts's, you expressed a great deal of surprise that they were all bad?—I did.

6240. Why was not Ransom as likely as yourself to have got a bad bill, if such bills had got into circulation; why was it a matter of surprise that a bad bill shou d have got into their hands, more than that 39 bad bills should have got into yours?—The fact was, we had these

Examinations.

Mr. W. Morgan.

21st June, 1842.

bills of Ransom and Co., and we conceived it might be a promiscuous bill they might have bought, which appeared to be the case.

6241. Still, unless there was something particular about the bills you had, why should not Ransom have got one bad bill as probably as that you should have got 39 bad bills?—I said, "There is one of Ransom's they got in the open market; is that bad too? One does not know the extent to which this has gone."

6242. Did you know that the bills you had got had not been bought in the open market?—No.

6243. Then why should not they, if they had been bought in the open market, not have been bad bills as well as Ransom's?—It struck me. I said, "One does not know how far this may have gone; there is one bill which does not come from the party, but we had it from Ransom's."

6244. After your first introduction to Solari by Green, did you keep up any sort of personal acquaintance with Solari?—I never saw him at his house, and I did not know where his office was. With Hichens's solicitor, when I went to inquire after Rapallo's office, when we got into Angel-court we did not know where to find him.

6245. Solari was a name well known in the city in 1836; did you make any inquiries about him when you were getting into large transactions with him?—No; the name I had was enough with Exchequer Bills on the back of it to make me confident; he was the most punctual man I had ever dealt with. I never knew a man so regular; and I cannot conceive now even that that man could have been guilty of fraud, knowing his steadiness and apparent good conduct.

6246. After Mr. Solari's death you continued dealing with Rapallo as the representative of Mrs. Solari?—Yes.

6247. Did you take any pains to ascertain what property Mr. Solari had left behind him?—No, I did not. I inquired of Mrs. Solari whether I was to close the account or go on with it; and she said it would go on, and be conducted by Mr. Rapallo.

6248. Where did Mr. Solari live?—I do not know.

6249. Then, of course, you were never at his house?—No, never at his house.

6250. Was Mr. Green their solicitor?—I considered Mr. Green to be their solicitor. I had met Solari at Green's several times, that is at his office when I had called there,—not on any business, but I have seen him there.

6251. What part did your brother take in this matter?—He is rather a sleeping partner; he did not do anything. He is an elder brother, and I bring him merely as an amusement. He has been with me for a number of years, more to keep him amused than anything else. He pays money into the bankers and signs cheques, and that kind of thing; but he does not interfere in the management of the concern at all.

6252. He is at an advanced time of life?—Yes, he is 73.

6253. Is it within your knowledge that he went to Hichens to talk about Exchequer Bills?—No, never.

6254. Mr. Robert Hichens has stated this to the Commissioners, that you came to his office and said, "What a horrible thing this is, the rumour about Exchequer; by-and-bye nobody will be able to borrow or lend money on Exchequer Bills." And that you said, "If you are afraid of your Exchequer Bills, would you rather take Spanish stock with a cover of 20 per cent." Did that pass?—I do not recollect anything of the kind.

6255. Will you undertake to say it did not pass?—I cannot say that it did not. I do not recollect that it did pass. It must have referred to a proposition of Rapallo of giving Spanish stock.

6256. Mr. Hichens's statement is, that this passed at his office; you say that he came to your office?—It was at my office that the conversation I refer to passed.

6257. He says that it was on the first rumour of something wrong in the Exchequer Bill market?—It may be my son Edward. I am not in the habit of going to him. I have been in his office two or three times after this business, but I do not recollect any such conversation.

6258. Did you on any occasion say, "If you were afraid of the Exchequer," and "had you rather take Spanish stock," or something of that kind?—It might be so, that as it was to pay for Spanish stock, I might have thought I could get him Spanish stock; and that I might have said so, but I do not recollect it.

6259. At the time you did say so, whenever it was, had there been any rumour about there being something wrong with respect to Exchequer Bills?—Nothing more than that which appeared in the "Times."

6260. If you said anything of the kind to him, was that before there had been any paragraph in the newspaper?—No, it must have been after that. If he was dissatisfied with his Exchequer Bills I could go to the person to whom they belonged, and endeavour to get him Spanish, but probably I should have been disappointed.

6261. If you did use that expression to Mr. Hichens, was it before any rumours sprung up about forgery?—Certainly it was, if I ever did make use of the expression at all.

[*The Witness withdrew.*]

Mr. *Edward Lloyd Morgan* further examined.

Mr. E. L. Morgan.

6262. Mr. Sherman has stated that you gave him 7 per cent. on 15,000*l.*; was that so?—It was so for a week.

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Mr. E. L. Morgan.
21st June, 1842.

6263. Do you remember the date?—On the 15th of October.

6264. Was that above the market rate of interest at the time on a loan of that description, on that security?—It was very late in the afternoon when I borrowed the money. I understood from a friend he had money over, having transferred stock. I said to Mr. Sherman, "But what am I to pay you, by the bye." He said "Oh, I have been paying 7 per cent. myself, and of course you must pay me that." I said I had not been paying that rate, but I wished to go on for a very short time. Mr. Sherman was willing it should go on for a week.

6265. Did you arrange for those Exchequer Bills without having ascertained the amount of interest you were to pay?—Yes.

6266. Was it above the current rate of interest on that day?—I think not.

6267. Did you not state before the Stock Exchange Committee that that was the only instance in which you paid above the current rate of interest?—I think my expression was that that was the only occasion on which I had given 7 per cent.; but the interest varies so in the course of a day there is no speaking of a current rate of interest.

6268. How was this 15,000*l.* applied?—I paid it over to the office.

6269. Had you previously conferred with any one as to the rate at which you should borrow that money?—Not at all.

6270. Mr. Bragg says you offered 5 per cent. on Exchequer Bills?—The reason of that was that I had borrowed a sum of money of Mr. Hichens just before, and he had charged me 5 per cent.; therefore, considering that that was the rate of interest of the day, I offered the same to Mr. Bragg.

6271. For what period was the loan made by Mr. Bragg?—I think it was from consol account to consol account, from October to November.

6272. Was it from the 14th of October to the 25th of November?—I think it was.

6273. Was that the current rate of interest?—On that day it was the current rate of interest.

6274. Was it a high rate of interest?—Not unusual.

6275. Might you not have got it at a lower rate?—No, for I had previously paid Mr. Hichens the same rate on Exchequer Bills either that day or the day before.

6276. Had Mr. Bragg mentioned Exchequer Bills?—I mentioned Exchequer Bills before I borrowed the money; in fact, it must have been so, for that was the only thing I had to borrow money on.

6277. He had not asked for Exchequer Bills?—No.

6278. Did you ever go over to Mr. Hichens's office and make him an offer of Spanish stock after the uneasiness about Exchequer Bills?—No; I think I have heard my father say that he made him the offer if he did not like Exchequer Bills.

6279. Was that after the paragraph had appeared in the newspaper?—Yes.

6280. At that time were there any rumours of forgery?—There were rumours of something being wrong about Exchequer Bills, but no rumour of forgery; in fact, a great many bills had been sent up and declared good at that time.

6281. That offer was made at the time that some bills had been sent up?—I think so, but I am not quite certain.

6282. Did you call at Mr. Hichen's office on the 12th of October and hand over 5000*l.* Exchequer Bills?—Yes; in fact Mr. Hichens gave the bills back to me again, declaring them to be perfectly genuine.

[*The Witness withdrew.*]

Adjourned till to-morrow at 3 *o'Clock.*

WEDNESDAY, 22nd June, 1842.

The EARL of DEVON in the Chair.

Mr. *Charles Keyser* made the following statement.

Mr. C. Keyser.
22nd June, 1842

I have read my evidence, and part of it does not convey the meaning which I intended, and I wish to add the following statement:—I first took the bills to Mr. Waterfield's office; he compared the numbers with some documents on a sort of shelf under the counter; we then went together to the adjoining room, in which was a gentleman he called Wood. The boxes where the counterfoils were kept stood in a sort of closet or inner room. Mr. Waterfield had some little trouble in finding the key which opened the particular box he wanted; but when he had found the key and opened the box, he told me the bills agreed with the counterfoils and were genuine, that is to say, a portion of the bills which he examined there. Mr. Wood was present during this examination, but took no active part in it. He then said, we must go next door to examine the other bills; we accordingly went, and there found two other clerks. The remainder of the bills then underwent a strict examination by all the clerks, and were pronounced genuine.

[*The Witness withdrew.*]

Examinations.

Mr. W. Mayo. 22nd June, 1842.

Mr. *William Mayo* further examined.

6283. Do you produce the account asked for on your last examination of the 112 bills negociated?—I do.

The same was delivered in and read as follows:—

TABLE I.

Containing an Account of Exchequer Bills of £1000 each, now outstanding, shewing the Numbers of the Bills, the Dates on which they have been deposited with *Mr. H. Tomkins* by F. De Berckem, as security for Loans of Money, the Terms of such Loans, and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000 each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
8274, 3 and 4 Vic. c. 106 .	1	1,000	23 March, 1841, exchanged for 7 Bills, 7379, 7380, 7383, 7402, 7403, 7413, 7414.	To 14 April, 22 days	6	5
8278 to 8282, 3 and 4 Vic. c. 106	5	5,000		14 April to 1 May 17 days . .	6	5½
8283, 3 and 4 Vic. c. 106 .	1	1,000		1 May to 1 June, 31 days . .	6	5½
				1 June to 8 July, 37 days . .	6	5½
				8 July to 31 Aug., 54 days . .	6	5½
				31 Aug. to 21 Oct., 51 days . .	6	5½
				21 Oct. to	6	5½
8374 to 8376, 3 and 4 Vic. c. 106.	3	3,000	10 May, 1841 (deposit). .	To 1 June, 22 days	6	5½
				1 June to 8 July, 37 days . .	6	5½
				8 July to 31 Aug., 54 days . .	6	5½
				31 Aug. to 21 Oct., 51 days . .	6	5½
				21 Oct. to	6	5½
8369, 3 and 4 Vic. c. 106 .	1	1,000	10 August, 1841 (deposit) .	To 31 Aug., 21 days	5½	5
				31 Aug. to	5½	5
7102, 4 Vic. c. 19. . . .	1	1,000	14 October, 1841 (deposit) .	31 Aug. to	5	4½
6495 to 6497, 4 Vic. c. 19 .	3	3,000	22 October, 1841 . . .	31 Aug. to	6	5½
	15	15,000				

TABLE I *a.*

Containing an Account of Exchequer Bills of £1000 each, now outstanding, shewing the Numbers of the Bills, the Dates on which they have been deposited with the *Commercial Bank of London* by F. De Berckem as security for Loans of Money, the Terms of such Loans, and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000 each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
8364 to 8368, 3 and 4 Vict. c. 106.	5	5,000	14 July, 1841 (deposit) . .	To 31 July, 17 days	5½	5
7103, 4 Vict. c. 19 . . .	1	1,000		31 July to 16 Aug., 16 days . .	5½	5
				16 Aug. to 16 Sept., 31 days. .	5½	5
				16 Sept. to 16 Oct., 30 . . .	5½	5
				16 Oct. to 31 , 15 days . .	5½	5
				31 to	5½	5
8370 to 8373, 3 and 4 Vict. c. 106.	4	4,000	21 July, 1841 (deposit) . .	To 31 July, 10 days	5½	5
				31 July to 16 Aug., 16 days . .	5½	5
				16 Aug. to 16 Sept., 31 days. .	5½	5
				16 Sept. to 16 Oct., 30 days. .	5½	5
				16 Oct. to 31 Oct., 15 days . .	5½	5
				31 Oct. to	5½	5
7086, 4 Vict. c. 19 . . .	1	1,000	14 October, 1841 (deposit) .	To	0	5½
	11	11,000				

Examinations.

Mr. W. Mayo.

22nd June, 1842.

TABLE I *b*.

Containing an ACCOUNT of EXCHEQUER BILLS of £1000 each, now outstanding; showing the Numbers of the Bills, the Dates on which they have been deposited with *Mr. L. Levy* by F. De Berckem, as security for Loans of Money, the Terms of such Loans and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000 each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
7072, 4 Vic. c. 19	1	1,000	12 July, 1841 (deposit)	To 15 July, 3 days	5	4½
7074, 7075, 4 Vict. c. 19	2	2,000		15 July to 30 July, 15 days	6	5½
				30 July to 27 Sept., 59 days	5½	5
				27 Sept. to 12 Oct., 15 days	7	6½
				12 Oct. to 15 Oct., 3 days	7	6½
				15 Oct. to	5½	5
437 to 8441, 3 and 4 Vic. c. 106.	5	5,000	24 August, 1841 (deposit)	To 12 Oct., 49 days	6½	6
				12 Oct. to 15 Oct., 3 days	7	6½
				15 Oct. to	5½	5
7083 to 7085, 4 Vic. c. 19	3	3,000	31 August, 1841 (deposit)	To 15 Oct. 45 days	7	6½
7087 to 7091, 4 Vic. c. 19	5	5,000		15 Oct. to	5½	5
	16	16,000				

TABLE I *c*.

Containing an ACCOUNT of EXCHEQUER BILLS of £1000 each, now outstanding; showing the Numbers of the Bills, the Dates on which they have been deposited with *Mr. W. M. Simonds* by F. De Berckem, as security for Loans of Money, the Terms of such Loans and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000 each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
8275 to 8277, 3 and 4 Vic. c. 106.	3	3,000	7 June, 1841, in exchange for five bills, 5899, 5959, 5962, 5963, 5985.	To 30 June, 23 days	6	5½
8445, 8446, 3 and 4 Vic. c. 106	2	2,000		30 June to 16 Aug. 47 days	6	5½
				16 Aug. to 30 Oct., 75 days	6	5½
				30 Oct. to	6	5½
7057 to 7064, 4 Vic. c. 19	8	8,000	24 June, 1841, in exchange for eight bills, 5876 to 5878, 5929 to 5933.	To 30 June, 23 days	6	5½
				30 June to 16 Aug., 47 days	6	5½
				16 Aug. to 30 Oct., 75 days	6	5½
				30 Oct. to	6	5½
	13	13,000				

TABLE I *d*.

Containing an ACCOUNT of EXCHEQUER BILLS of £1000 each, now outstanding; showing the Numbers of the Bills, the Dates on which they have been deposited with *Mr. S. Heseltine* by F. De Berckem, as security for Loans of Money, the Terms of such Loans and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000 each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
7066, 4 Vic. c. 19	1	1,000	14 Oct., 1841 (deposit)	To 30 Oct., 16 days	5½	5
7099, 4 Vic. c. 19	1	1,000		30 Oct. to	5½	5
	2	2,000				

Examinations.

Mr. W. Mayo.
22nd June, 1842.

TABLE I*e*.

*Containing an ACCOUNT of EXCHEQUER BILLS of £1000 each, now outstanding; shewing the Numbers of the Bills, the Dates on which they have been deposited with *Mr. J. W. Scott* by F. De Berckem, as Security for Loans of Money, the Terms of such Loans, and Rates of Interest.

Numbers and Issue of Exchequer Bills of £1000. each.	Amount.		Dates of Deposits and Exchanges.	Terms and Renewals.	Rates of Interest.	
8271 to 8273, 3 and 4 Vict. c. 106.	3	3,000	15 April, 1841 (deposit) .	To 17 May, 32 days	6	5½
				17 May to 31 May, 14 days .	6	5½
8300 to 8303, 3 and 4 Vict. c. 106.	4	4,000		31 May to 14 June, 14 days.	6	5½
				14 June to 28 June, 14 days .	6	5½
				28 June to 26 July, 28 days.	6	5½
				26 July to 25 Sept., 61 days .	5½	5
				25 Sept. to 27 Nov., 63 days .	6	5½
				27 Nov. to	6	5½
8442 to 8444, 3 and 4 Vict. c. 106.	3	3,000	5 June, 1841, exchanged for 3 bills, 5843 to 5845.	To 14 June, 9 days	6	5½
				14 June to 28 June, 14 days .	6	5½
				28 June to 26 July, 28 days.	6	5½
				26 July to 25 Sept., 61 days.	5½	5
				25 Sept. to 27 Nov., 63 days .	6	5½
				27 Nov. to	6	5½
7052 to 7056, 4 Vict. c. 19 .	5	5,000	23 June, 1841, exchanged for 5 bills, 5900 to 5902, 5946, 5947.	To 30 June, 7 days	6	5½
				30 June to 30 Oct., 122 days .	6	5½
				30 Oct. to	6	5½
7077 to 7081, 4 Vict. c. 19 .	5	5,000	28 June, 1841 (deposit) .	To 26 July, 28 days	6	5½
				26 July to 25 Sept., 61 days.	5½	5
				25 Sept. to 27 Nov. 63 days .	6	5½
				27 Nov. to	6	5½
8447 to 8456, 3 and 4 Vict. c. 106.	10	10,000	7 July, 1841 (deposit) . .	To 21 July, 14 days	6	5½
				21 July to 21 Sept., 62 days .	5½	5
				21 Sept. to 21 Oct., 30 days .	6	5½
				21 Oct to	6	5½
8354 to 8363, 3 and 4 Vict. c. 106.	10	10,000	9 July, 1841 (deposit) . .	To 9 Aug. 31 days	5½	5
				9 Aug. to 9 Sept. 31 days . .	5½	5
				9 Sept. to 9 Oct., 30 days . .	6	5½
				9 Oct. to 9 Nov., 31 days . .	6	5½
				9 Nov. to	6	5½
8314 to 8318, 3 and 4 Vict. c. 106.	5	5,000	29 Sept., 1841 (deposit) .	To 21 Oct., 22 days	6	5½
				21 Oct. to	6	5½
8380 to 8382, 3 and 4 Vict. c. 106.	3	3,000	2 Oct., 1841 (deposit) . .	To 31 Dec., 90 days	6	5½
				31 Dec. to	6	5½
7076, 4 Vict. c. 19 . . .	1	1,000	15 Oct., 1841 (deposit) . .	To	5½	5
7082, 4 Vict. c. 19 . . .	1	1,000				
8304 to 8308, 3 and 4 Vict. c. 106.	5	5,000	21 Oct., 1841, exchanged for 5 bills, 8326 to 8330, 3 and 4 Vict. c. 106.	To	6	5½
	55	55,000				

6284. Is that account correct according to your books?—It is.

6285. Do your books give a true statement of the transactions?—They do.

6286. Those are the books now before the Commissioners?—Yes.

6287. They were kept by you?—They were.

6288. Besides the commission received by Mr. De Berckem, was any brokerage charged by him on the stock transactions?—Yes, there was.

6289. What amount of brokerage?—At the rate of one-sixteenth per cent. on the amount of stock purchased or sold by him.

6290. Was the brokerage shared by Mr. Mariner as well as the commission?—Yes.

6291. Was the brokerage as well as the commission actually divided from time to time between him and Mr. Mariner?—Yes, we used to divide the commission with Mr. Mariner on all the business he brought us; the brokerage was not always so high as one-sixteenth on the stock called Spanish passive stock; it seldom exceeded one-thirty-second, that being divided also.

6292. In stating, as you before did, that beyond the commission Mr. De Berckem did not obtain any profit or remuneration from the transactions that you are aware of, you did not understand the stock transactions to be included?—No.

[*The Witness withdrew.*]

Mr. *J. W. Scott* further examined.

Mr. J. W. Scott.

6293. Have you prepared the accounts required of you on your former attendance?—I have.

6294. Is this account correctly made out from your books?—It is.

6295. Do your books give a correct account of the transactions?—They do.

6296. Are those the books before the Commissioners?—Yes.

The same was delivered in and read as follows :—

TABLE II.

An Account of Exchequer Bills deposited by Mr. Francis De Berckem with J. W. Scott, as Security for Loans of Money; shewing the Dates on which they were so Deposited; the Terms and Renewals of such Loans; Rates of Interest; the Dates the Bills were Redeemed, and the Names of the parties who held them as Security.

Numbers and Dates of Exchequer Bills.	Amount.	£.	Received from Mr. F. de Berckem.	Terms and Renewals.	Rates of Interest.		Redeemed by Mr. F. de Berckem.	With whom Deposited as Security.
7919, 7920, 7983, 18 Mar., 1839	3	3000	26 Nov., 1839	To 10 Dec., 14 days	7¼	6½	18 Feb., 1840	Sir James Shaw, Bart.
				10 Dec. to 24 Dec., 14 days	6¼	6		
				24 Dec. to 7 Jan. 1840, 14 days	6¼	6		
9224 to 9230, 17 June, 1839	7	7000		7 Jan., 1840, to 21 Jan., 14 days	6¼	5½		
				21 Jan. to 4 Feb., 14 days	5½	5		
				4 Feb. to 18 Feb., 14 days	4½	4		
7921 to 7927, 8358 to 8360 18 Mar., 1839	10	10,000	19 Dec., 1839	To 2 Jan.. 1840, 14 days	6½	6	20 Feb., 1840	Sir James Shaw, Bart.
				2 Jan., 1840 to 23 Jan., 21 days	6½	6		
				23 Jan. to 6 Feb., 14 days	5½	5		
				6 Feb. to 20 Feb., 14 days	4½	4		
2187, 2188, 2193 to 2198, 8/500*l.*, 16 Mar., 1840	8	4000	10 April, 1840	To 8 May, 1840, 28 days	..	..		Mr. W. W. Scott.
				8 May to 10 July, 63 days	4½	4	10 July	Sir James Shaw, Bart.
7413 to 7417, 16 Mar.	5	6000	14 May	To 17 June, 34 days	4¼	3¾	17 June	
9169, 17 June, 1839	1	..	Exchanged for 8101, 4 June, 1000*l.* 16 Mar.					
5856 to 5858, 5981, 5982, 7 June, 1840.	5	13,000	1 Dec., 1840	To 18 Jan., 1841, 48 days.	5½	5	18 January	Bank of England.
8117 to 8124, 16 Mar., 1840	8							
5841 to 5843, 5984, 17 June	4	4000	23 Dec., 1840	To 18 Jan., 1841, 26 days	5½	5	1 February	Bank of England.
2181, 2182, 2194, 2195, 2197, 2198, 6/500*l.*	6	3000		18 Jan. to 1 Feb., 14 days, with a day's notice	5½	5		Messrs. Williams, Deacon, and Co.
7381, 7384, 7385, 7399 to 7401, 8107, 8116, 16 Mar.	8	8000						
5859 to 5863, 17 June, 1840	5	5000	18 Jan., 1841	To 1 Feb., 14 days.	5½	5	29 April, 1841	Sir James Shaw, Bart.
				1 Feb. to 15 Feb., 14 days	..	..		
				15 Feb. to 31 Mar., 44 days	..	..		
				31 Mar. to 29 April, 29 days	..	..		
7417, 8101, 8104, 8105, 8125, 16 March, 1840.	5	5000	16 Jan., 1841	To 16 Mar., 2 months (Refer to former account.)	5½	5	5 March, by substitution of 5900, 5901, 5902, 5946, 5947,— 5/1000*l.*, 17 June.	G. B. Clapcott, Esq.
5826, 17 June	1	1000	30 Jan., 1841	To 30 Mar., 2 months	5	4½	26 April	John Slodden, Esq.
				30 Mar. to 26 Apr., 27 days	..	..		
5827, 5846 to 5848, 5983, 17 June.	5	5000	1 Feb., 1841	To 15 Feb., 14 days	5½	5	5 May	Sir James Shaw, Bart.
				15 Feb. to 31 Mar., 44 days	..	..		
				31 Mar. to 5 May, 35 days	..	..		
5833, 5984, 17 June	2	2000	9 Feb., 1841	To 23 Feb., 14 days	5½	5	13 May	Sir James Shaw, Bart.
7381, 7384, 7385, 16 March	3	3000	Exchanged for 5869 to 5871, 17 June, 3/1000*l.* 4 March.	23 Feb. to 31 Mar., 38 days	5½	5		
				31 Mar. to 13 May, 44 days	..	..		
8108, 8115, 8118, 8119, 8120, 16 March, 1840.	5	5000	24 Feb., 1841	To 10 Mar., 14 days	5½	5	4 March, by substitution of 5872 to 5875 and 5948, 17 June, 5/1000*l.* 5872, 5873, redeemed 26 April; 5874, 5875, 5948, redeemed 5 May.	Messrs. De Lisle, Janvrin and Co.
				10 Mar. to 26 April, 47 days	..	..		
				26 April to 5 May, 9 days, on 3000*l.*	5½	5		
5833, 5855, 5869 to 5871, June	5	5000	17 May, 1841	To 17 June, 31 days	5½	5	5 June, by substitution for *8437 to 8441.	Sir James Shaw, Bart.
				17 June to 25 June, 8 days	..	..		
*8437 to 8441, 15 March	5	5000	5 June, 1841.	25 June to 19 July, 24 days	5½	5	24 August	London and Westminster Bank.
				19 July to 24 Aug., 36 days	5	4½		
8326 to 8330, 15 March	5	5000	29 Sep., 1841	To 21 Oct., 22 days	5½	5	21 October	Bank of England.

Mr. J. W. Scott.

Mr. *Scott.* With respect to the interest, I wish to state that on all loans on Exchequer Bills contracted with Mr. F. De Berckem, that became due previous to and including the 21st October, 1841. I have received interest from him as agreed on, excepting on the 5000*l.* lent on the bills No. 7052 to 7056, dated June, 1841, on which interest is due from him since 30th June, 1841. And I have in every case paid over to my principals the amount of such interest after deducting one-half per cent. per annum for my commission.

[*The Witness withdrew.*]

Examinations.

Mr. H. Tomkins.
22nd June, 1842.

Mr. *Harry Tomkins* further examined.

6297. Do you produce the account which was called for on your former attendance?—I do.

6298. Have those been prepared from your books?—Yes.

6299. Do those books contain an accurate account of the transactions to which the accounts refer?—They do.

The same were delivered in and read as follow :—

TABLE III.

Containing an ACCOUNT of EXCHEQUER BILLS deposited with *Harry Tomkins*, by Francis T. De Berckem, as security for Loans of of Money, and since redeemed, exchanged, or now outstanding; showing the Dates of Deposit, Terms of Loan, Rates of Interest, and Period of Redemption or Exchange.

Numbers and Issue of Exchequer Bills.	Amount.		Dates of Deposit.	Terms and Renewals.	Rates of Interest.	Period of Redemption or Exchange.		
	12	12,000	7 Dec., 1840	To 18 Jan., 42 days	5½	Red. 18 Jan., 1841	12,000	
7403, 7413, 8109, 7380, 8102, 7402, 7414, 7379, 7383, 8114 . . . . Dated in March, 1840.	10	10,000	24 Dec., 1840	To 18 Jan., 25 days To 5 March, 46 days To the periods mentioned below against the numbers of the exchanged bills.	5½ 6 5½	Exchanged for 3 & 4 Vic., c. 106, Nos. . .	8274 8279 8275 8280 8276 8281 8277 8282 8278 8283	
						10/1000	10,000	
2193, 2196, 2183, March, 1840	3 of 500	1,500	24 Dec., 1840	To 18 Jan., 25 days To 5 March, 46 days	5½ 6	Red. 5 March, 1841	1,500	
5936, 5937, 5938, 5939, 5940, 5941, 4 Vic. c. 19	6	6,000	4 March, 1841	To 6 March, 2 days	5½	Red. 6 March, 1841	6,000	
5942, 5943, 5944, ditto	3	3,000	Ditto . . .	To 26 April, 43 days	,,	Red. 26 April, 1841	3,000	
5945 . . . . . ditto	1	1,000	Ditto . . .	To 21 May, 68 days	,,	Red. 21 May, 1841	1,000	
8275, 8276, 8277, 3 & 4 Vic. c. 106.	3	3,000	6 March, 1841	To 27 May, 82 days	,,	Red. 27 May, 1841	3,000	
8274 . . . . ditto	1	1,000	Ditto . . .	Outstanding . . .	,,	. .	. .	
8278, 8279, 8280, 8281, 8282 . . ditto	5	5,000	Ditto . . .	Ditto	,,	. .	. .	
8283, ... ditto	1	1,000	Ditto . . .	Ditto	,,	. .	. .	
5990, 5991 . . 4 Vic., c. 19	2	2,000	14 April, 1841	To 26 April, 12 days	,,	Red. 26 April, 1841	2,000	
5856, 5857, 5858, 5980, 5981 . . ditto	5	5,000	Ditto . . .	To 1 May, 17 days	,,	Red. 1 May, 1841	5,000	
5864, 5865, with 4 more bills, the numbers not known . . . ditto	6	6,000	Ditto . . .	To 5 May, 21 days	,,	Red. 5 May, 1841	6,000	
5980, 5981 . . ditto	2	2,000	7 May, 1841	To 27 May, 20 days	,,	Red. 27 May, 1841	2,000	
5856, 5857, 5858, 5864, 5865 . . ditto	5	5,000	10 May, 1841	To 27 May, 17 days	,,	Red. 27 May, 1841	5,000	
8374, 8375, 8376, 3 & 4 Vic., c. 106.	3	3,000	Ditto . . .	Outstanding . . .	,,	. .	. .	
7082 to 7091. . 4 Vic., c. 19	10	10,000	8 July, 1841	To 31 Aug., 54 days	,,	Red. 31 Aug., 1841	10,000	
8369 . . 3 & 4 Vic., c. 106	1	1,000	10 Aug., 1841	Outstanding . . .	5	. .	. .	
8331 to 8340 . ditto	10	10,000	30 Sept., 1841	To 22 Oct., 22 days	5½	Red. 22 Oct., 1841	10,000	
7102 . . . . 4 Vic., c. 19	1	1,000	14 Oct., 1841	Outstanding . . .	4½	. .	. .	
6495, 6496, 6497, ditto	3	3,000	22 Oct., 1841	Ditto	..	. .	. .	
8377, 8378 3 & 4 Vic., c. 106	2	2,000	10 May, 1841	To 22 Oct., 165 days	5½	Red. 22 Oct., 1841	. .	2000 In the hands of
7068 . . . . 4 Vic., c. 19	1	1,000	26 June, 1841	To 22 Oct., 118 days	,,	Red. 22 Oct., 1841	. .	1000 H. Tomkins.

TABLE III *a*.

Containing an ACCOUNT of FIFTEEN EXCHEQUER BILLS of 1000*l*. each, now outstanding; showing the Numbers of the Bills, the Date on which they were deposited with the under-mentioned Holders or Claimants by *Harry Tomkins* as Security for Loans of Money, the Terms of such Loans, Rates of Interest, and Period up to which Interest has been paid to the said Holders or Claimants.

Numbers and Issue of Exchequer Bills.	Amount.		Dates of Deposit.	Terms and Renewals.	Rates of Interest.	Period up to which Interest has been paid to the present Claimants.	Present Claimants.
		£.					
8278, 8279, 8280, 8281, 8282, 8374, 8375, 8376 . . 3 and 4 Vict. c. 106	8	8000	23 Sept. 1841	To 23 Oct. 1841. 30 days	5	23 Oct. 1841	Bank of England.
8369 . . . . ditto	1	1000	10 Aug. 1841	. . .	4	10 Aug. 1841	William Dobson, who claims at the rate of 5 per cent. from the 26th of October, 1841, when the demand for payment of principal and interest was made on that day and not met.
8274 . . . . ditto	1	1000	17 Aug. 1841			17 Aug. 1841	
8283 . . . . ditto	1	1000	21 April, 1841	To 21 May, and then from day to day	4	31 Aug. 1841	David N. Henriques.
7102 . . . . 4 Vict. c. 19	1	1000	14 Oct. 1841	. . .	4	14 Oct. 1841	Thomas Boys.
6495, 6496, 6497 ditto	3	3000	22 Oct. 1841	Sold to Edward Morgan for 3052. 10s. . . .	..	..	Edward Morgan.

[*The Witness withdrew.*]

Mr. *Francis Towneley De Berckem* further examined.

Examinations.

Mr. F. T. De Berckem.

22nd June, 1842.

6300. Mr. Bennison has stated that you showed him a letter about the 11 missing bills, dated from Paris in initials, and another from a club-house at the west end of the town?—I did not show him any from a club-house at the west end of the town; I do not know any one. I showed him a letter from Mr. Mariner requesting to have the bills back again, that was the only letter I showed him. I never received any letter from Paris.

6301. You never had a letter from Paris put into your hands by Mariner?—Not any letter regarding Exchequer Bills.

6302. Did you charge your commission regularly in your books?—Always.

6303. Did you deliver accounts from time to time to Mariner?—I should think my accounts were delivered in 10 minutes or a quarter of an hour after every operation.

6304. Was your commission charged regularly in those accounts?—Regularly.

6305. Were you paid brokerage likewise on the stock transactions?—Yes, the stock transactions were the only transactions on which I charged a brokerage; we call it commission. We called both that and that on the Exchequer Bills commission.

6306. You stated on your former examination, that you delivered 150,000*l.* Spanish stock to your party, do you mean that as a round sum, or was it the exact amount?—That was not the exact amount, but it was very near it.

6307. Do you believe it to be about 147,000*l.*?—I believe it to be so.

6308. Was it ever stated to you by Mariner that the reason some bills were left over due, instead of being sent in to be exchanged at the right time, was that Rapallo's principal was abroad, and that he was not justified in sending them in in the absence of his principal?—Certainly, that was sated to me by Mariner.

6309. Was that the time the bills were left over due?—Some portion of the bills that were over due, that was the excuse for not bringing the money to pay for those bills; I think that occurred in two instances.

6310. What is the state of your means and property as compared with your debts and liabilities?—I really do not know that.

6311. Is it equal to meeting your liabilities?—If it is independent of Exchequer Bills, I am perfectly solvent; if it includes the responsibilities of Exchequer Bills, I am insolvent.

Mr. *William Mariner* further examined.

Mr. W. Mariner.

6312. Have you brought with you the account which you were directed on your last attendance to make out?—I have.

(*The same was delivered in.*)

6313. When you received parcels of bills from time to time from Rapallo, did you hand over the same parcels always or generally to De Berckem?—Generally speaking, to De Berckem; the same parcels; with regard to the parcel of 84,000*l.*, I had it in my hands at one time; the whole of that was not handed over at one time to De Berckem.

6314. In what parcels were those 84,000*l.* delivered to him?—They were never delivered to De Berckem but in small parcels; it was just previous to an exchange being made, and that 84,000*l.* were handed to me by Rapallo; then, as the loans became due, part of those 84,000*l.* were to be handed over to De Berckem in tens or twenties for De Berckem to deposit with the same parties who had lent money, and he returned to me the bills which were about falling due, so that after the thing was ended, I handed back that amount to Rapallo, only in different numbers; they were merely left with me to be exchanged with other bills as they became due.

6315. Do your books, now before the Commissioners, show what stock or other value was handed to you from time to time by De Berckem on account of the Exchequer Bills he from time to time received from you?—Yes, and those books will be found to correspond with De Berckem's own, as far as regards Rapallo's account.

6316. Were those books of yours kept by yourself?—Yes.

6317. Were they accurately kept according to the true state of the transactions?—Yes.

6318. Who introduced you to Solari?—I became acquainted originally with Solari through a Mr. Charles Terry; Mr. Terry and Mr. Solari were engaged in very extensive speculations in a concern called the Anti-Dry-Rot Company; when I was first introduced to him, there was some agreement between Terry and Solari, that they were to buy 1000 shares of that Company on joint account. A certain number of shares were bought and were handed over to Solari, and frequently, as Mr. Terry was a principal of mine, he requested me to deliver those shares to Solari and receive the money for them, which I did and handed it over to Terry.

6319. Did you visit Solari at that time?—I never visited Solari except, I think, twice, and that was during the period of his extreme illness.

6320. How long was that after the first introduction?—The first transaction was in 1837, but I do not think I visited him till July or August, 1840.

6321. Do you know where Mr. Charles Terry now is?—No, I do not; he became a bankrupt and went to New Zealand. From an advertisement of a work on New Zealand, just published, I have some reason to believe that he has since returned, but I do not know the fact.

6322. What was your first introduction to Rapallo?—Mr. Solari introduced me to him as his friend, at his office in Angel-court, in 1837 or the early part of 1838, in reference to a transaction in no way connected with the present inquiry.

Examinations.

Mr. W. Mariner.
22nd June, 1842.

6323. You stated in your former examination that De Berckem gave an order, you think, on the 15th of October to Robarts to sell in case he could not take up the loan?—Yes; I do not know to what amount.

6324. Do you state that from your own knowledge?—I have seen the order.

6325. Was that an order signed by De Berckem?—Yes, and the signature was crossed out; I was aware that he would give an order; I told him to do so.

6326. Is that date correct, or was it not on the 22nd?—It might have been on the 22nd; I cannot swear to the particular date.

6327. In your evidence you refer to an account showing 169,000*l.* bills to be outstanding, is the account you refer to that produced by Mr. De Berckem?—Yes.

6328. You have said that you should be able to state what was the earliest payment in money to a considerable amount made by Solari or Rapallo, have you ascertained that?—I asked Mayo to look over his books to find out that for me.

6329. Would not your own books show it?—Not so clearly as his; he informed me that he was directed to make out an account and would furnish that.

6329*. Did you keep your own books separately from De Berckem, and without reference to his books?—I kept my books separate, but I checked my books with his; in fact, I thought it was a work of supererogation keeping books myself, for I had access at all times to his books; but Solari or Rapallo would come to me to ask about their stocks, and I found it useful to have an account of my own to refer to at a moment.

6330. You said that the bills you had redeemed and delivered back to Rapallo often came back again from him, did you notice any difference of appearance between those bills received from him a second time and bills received for the first time from him?—No, no difference at all.

6331. You have said you often received the same bills from him more than once, such bills would look probably as if they had been in some measure worn or used?—Yes.

6332. Did you ever receive any other bills from him which were not worn or used?—Yes, I frequently had bills from him which were not worn or used.

6333. Though they had been in your possession before?—Yes.

6334. Do you recollect a transaction in which the wrong bills were delivered to a party and afterwards retraced and recovered?—Perfectly.

6335. Were those bills deposited with Bennison?—Yes.

6336. What passed between you and De Berckem upon that subject?—We were about exchanging the bills; I think De Berckem, when he came to remove the bills, told me Bennison had delivered 11 that were bills which did not belong to us. I am not quite certain whether it was De Berckem or Mayo that told me that Bennison had delivered 11 bills which were not the same numbers as those we had given to him; I communicated that in due course to Rapallo, and I think, as far as I can recollect, Rapallo's reply was something like this,—"Oh, that won't do; I gave you the bills to borrow money on, not to sell, and my parties are very particular, and I shall lose their business. I should like to see and endeavour to get those bills back." I mentioned it to De Berckem; he was very busy at the time: he said, "Really, Mariner, I should be very glad to do it if I could, but I do not see how it is to be done." I mentioned it two or three days after to Rapallo; he said, "Well, if there should be any difficulty in it, it is a matter of no consequence; but I should like, in order to be correct in my business, that you should get the same bills back." I think Henry de Berckem offered to trace them if I would remunerate him for his loss of time during his absence from the Stock Exchange; I said, "I feel very anxious; in order to do the business correctly; I will remunerate you for any loss you may sustain if you will get them back." He set about doing it, and he first recovered 10 bills. There was one bill he had a good deal of trouble about, he traced it through a variety of channels and at last he recovered it.

6337. Did you remunerate him for his trouble?—I gave him 50*l.*; he was acting as a jobber at the time.

6338. Did you consult Rapallo upon that first?—No, I never charged Rapallo; I paid it out of my own pocket.

6339. Did Rapallo know of your having given him 50*l.*?—I do not think he did.

6340. You yourself sustained the loss of that 50*l.*?—Yes, I did.

6341. Did you ask Rapallo why he wanted to have the same bills back?—No, I did not; it appeared to me always to be usual when money was borrowed on Exchequer Bills to have the same bills returned, and I wished to do the business correctly; I thought I had a very excellent business.

6342. He gave no reasons?—No.

6343. Did you give instructions to De Berckem to stipulate for the return of the same bills?—I dare say I mentioned that to him once; most likely I said in the early part of the transactions; "You must borrow money on Exchequer Bills, but you must return the same numbers as a matter of course.

6344. Did you desire him to stipulate with the parties of whom the money was borrowed that the same bills should be returned?—No, I do not suppose I did; it was a matter of course.

6345. Was it in consequence of your direction that he did so if he did it?—No, I do not think I had any conversation with him except at the beginning, further than telling him what was wanted.

6346. Was there any other occasion except that which has been alluded to in which bills were wrong delivered and traced out?—None that I can recollect.

6347. Did you ever notice any irregularity on the face of any of the bills received by you from Rapallo?—None at all; I very seldom looked at the bills closely.

6348. You never observed any irregularity in any one instance?—Never: Oh, yes; there

was one circumstance where there was an irregularity which was found out by Mr. Mayo; there were (I do not know whether 10 or 20) bills which were given to us with wrong interest upon them; the interest was originally 1¾*d.*, and then a diagonal stamp put upon them for the additional halfpenny; and when they passed through Mr. Mayo's hands, those bills, after I had received them, being given us to borrow or exchange for other bills by Rapallo. He said, "There is a mistake in these bills." I said, "What is it?" Mr. Mayo handed those bills to me and showed me they were deficient in that stamp which was put on giving the additional interest. I wrote a note to Rapallo on the subject, and he called on me and said, "Give me the bills back, there must be some mistake at the office, I will return them to you in a day or two," which he did; I cannot say, indeed, that they were the same bills. I do not think Mayo has any memorandum of their having passed through his books.

6349. Did you make any remark to Rapallo on the subject?—I said, "It is a very curious thing." He said, "Oh, but they often make mistakes up at the office."

6350. How long ago was that?—I think about two years ago.

6351. Did you express any suspicion or dissatisfaction at that circumstance?—Not at all.

6352. You conceived none?—I did not conceive any; I thought it was a mere accidental thing.

6353. Did you ever ask Rapallo why he did not sell instead of borrowing money on the bills?—No; I never asked him the question, but frequently when we were in difficulties as to removing loans from any person to another, I have said, "There are 30,000*l.* or 40,000*l.* to be removed to-day, you must find me the means of doing it;" or I have said, "We find great difficulty in getting money to-day;" and he has said, "Well, I do not know whether I can give you assistance, but I will try." When I have said, "I do not know what we shall do." He has said, "Well, you must sell the bills if you want the money; it is not an unsaleable security."

6354. Did he ever give you a positive direction to sell a bill?—Never.

6355. And, in point of fact, you never sold one?—Never.

6356. Was that which you have stated said in the presence of any person?—I do not know whether it was or not; he freqeuntly used to speak about bills in my office when persons were present, but I cannot say that anybody was present. I have repeated that in the presence of De Berckem and also of Mayo over and over again.

6357. Are you aware of any cases in which bills were left over-due after the time for exchange had come round with the persons with whom they had been deposited?—Yes.

6358. In how many instances have you known this to occur?—In three instances; the first at my own request, and the other two at the instance of Rapallo.

6359. In the case in which it was at your own request, what was the nature of the transaction?—I retained them as my own security, having a large amount of stock open at the time we put our heads together, and De Berckem wrote me a letter; that was in February, 1829.

6360. With respect to those which Rapallo desired to be kept back, did he assign any reason for their not being exchanged?—He told me that his parties were abroad. It was just on the eve of the exchange when the bills ought to be sent in to the Exchequer Office to be exchanged. He said, "I am in some little difficulty, for I have not sufficient money to take up the whole of my bills, and my parties are abroad; what shall I do? As you have kept back bills to suit your own purposes at one time, perhaps you can suit me by keeping these back now." I said "I will mention it to De Berckem, and ask him to continue the loans." I mentioned it to him, and he said, after a little consideration, that he would.

6361. Did he say anything about having no authority in the absence of his principal?—I do not recollect that he did. I have not a clear recollection on the point.

6362. Did you ever show any letter to De Berckem purporting to be received from the principals for whom Rapallo acted?—There were some letters from Paris that passed through De Berckem's hands; in fact, a correspondence, but that was on a different affair.

6363. What affair did that relate to?—To a speculation in French stock.

6364. It had nothing to do with this matter?—No.

6365. Have you any recollection of having shown to De Berckem or placed in his hands a letter with regard to 11 bills which were missing?—I remember once making an extract of a letter, or writing down a few lines on a scrap of paper, purporting to be a letter to myself, in order to induce those parties to use greater exertion in endeavouring to recover those missing bills.

6366. You put down some lines purporting to be addressed to you from whom?—From no one; and I can tell what it was:—"With reference to the bills which we delivered to you to raise money upon, we beg leave to state that they were given to you for that specific purpose and not for sale, and therefore we insist upon it that you use proper diligence to recover them."

6367. Did you put any signature?—No.

6368. Did you put any date?—I think not.

6369. Did you put "Paris"?—I do not recollect, but it is not unlikely that I did. They seemed to show a great deal of apathy in getting them, and I did it to induce them to exert themselves.

6370. Did you tell De Berckem of the reason for your putting this down?—I think I did.

6371. You are not certain?—I am not.

Mr. *Francis Towneley De Berckem* further examined.

6372. Do you recollect the circumstance of Mr. Mariner placing in your hands some lines which purported to be a letter from Paris, or some other place relating to the bills which were

Examinations.

Mr. F. T. De Berckem.

22nd June, 1842.

missing?—No; I recollect Mr. Mariner giving me a strong and very angry letter which I think I could produce, almost, in fact, scolding me for not producing the same bills.

6373. From whom did this letter purport to come?—It came from Mr. Mariner himself.

6374. The question refers to a letter purporting to be addressed by somebody to Mr. Mariner on the subject of those missing bills, do you recollect that?—I think there was some such thing shown to me.

6375. Were you aware that that letter was not sent to Mr. Mariner?—I think I was aware of that fact.

6376. Besides this, Mr. Mariner had addressed an angry letter to you upon the subject?—Yes; I think he had.

[Mr. *De Berckem withdrew.*]

Mr. W. Mariner.

6377. (*To Mr. Mariner.*) You were understood to say that 147,000*l.* came into the hands of Rapallo on these transactions, and that you cannot at all account for what became of that?—I cannot.

6378. Did you actually receive from time to time the commission which you say you were to receive upon the Exchequer Bill transactions?—Mr. Mayo used to credit my account with it. I think monthly with the half of the commission.

6379. Did the accounts delivered between you contain that charge of commission from time to time?—Yes, they did.

6380. Did you ever come to a settlement of account with De Berckem?—We had a running account.

6381. Accounts were delivered between you, but no account was balanced?—No, I had generally money of his in my hands.

6382. Besides commission, were you paid brokerage on the stock transactions?—Yes; we divided the brokerage on the stock transactions as well as the commission on the Exchequer Bills.

6383. Was the brokerage entered in the account as well as the commission?—Yes.

6384. Is that commission and brokerage the whole amount of profit you directly or indirectly derived from these Exchequer Bill transactions?—Certainly it is.

6385. What is the state of your property and means as compared with your liabilities?—I shall be perfectly solvent if these Exchequer Bills are paid, otherwise I shall be perfectly incapable of meeting my liabilities.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

THURSDAY, 23rd June, 1842.

The EARL of DEVON in the Chair.

Mr. *Frederick Harrison* further examined.

Mr. F. Harrison.

6386. Do you produce further accounts?—I do.

6387. Are those accounts correctly made up from the books before the Commissioners?—They are.

6388. Do those books contain a correct account of the transactions?—Yes, with regard to the list of Exchequer Bills it is as correct as the circumstances would admit of; in some cases the numbers not being taken when they were received or returned, there may be an inaccuracy, but it is substantially correct.

The same were delivered in and read.

TABLE I.

Containing STATEMENT of LOANS made by R. and W. HICHENS and HARRISON to EDWARD L. MORGAN, from 1 January, 1841, to 13 May, 1841, (the Date of the Account of the £49,000 Exchequer Bills now outstanding); also, the Exchange of £22,000 Exchequer Bills made during that Time, &c.

Remarks.	Exchequer Bills deposited.	£.	Date.	Cash Lent.	£.	Rate per Cent., Time, Renewals.	Days.
£10,000. Redeemed 29 Jan.	5800 to 3 / 4/1000		1841.	Balances brought from 31 Dec., 1840, £38,000; viz.	6,000	At 6 per cent. to 5 Jan., being	5
						Cont. at 6 per cent. to 12 Jan. ,,	7
	5816 to 8 / 3/1000					,, 4 per cent. to 15 Jan. ,,	3
			Jan. 1.		6,000	At 6 per cent. to 12 Jan. ,,	12
	1490 1 4490 / 3/1000					Cont. at 4 per cent. to 15 Jan. ,,	3
					11,000	At 6 per cent. to 12 Jan. ,,	12
						Cont. at 4 per cent. to 15 Jan. ,,	3
	5819 20 5834 / 3/1000				4,000	At 6 per cent. to 15 Jan. ,,	15
£10,000. Redeemed 5 Feb.	5836 to 8 / 3/1000				6,000	,, ,, ,,	15
					5,000	,, ,, ,,	15
	7404 to 7 / 4/1000				£38,000		
	7422						
£5000. Redeemed 12 Feb.	7464 / 2/1000						
	7469 to 71 / 3/1000	38,000					
	7408 10 19 7455 6 7462 7420 / 7/1000						
* £7000. Exchanged 25 Feb.							
	7421 3 7460 7409 / 4/1000						
£4000. Exchanged 5 Mar.							
Redeemed 15 April.	5835 / 1/1000						
,, 29 May.	873 / 2/500						
,, 20 Mar.	5				8,000	Cont. at 4 per cent. to 25 Feb. ,,	41
					10,000	,, 5 Feb. ,,	21
			Jan. 15.	Balances brought down, £38,000.	10,000	,, 12 Feb. ,,	28
						£5000 at 5 per cent. to 15 Feb. ,,	3
						,, 22 Feb. ,,	7
						,, 28 Feb. ,,	6
	7411 2 7454 / 3/1000				10,000	Cont. at 4 per cent. to 12 Feb. ,,	28
£3000. Exchanged 25 Feb.						,, 5 per cent. to 25 Feb. ,,	13
	7457 to 9 / 3/1000	10,000	,,	Cash paid	10,000	Lent at 3½ per cent. to 29 Jan. ,,	14
£7000. Exchanged 5 Mar.	7465 to 8 / 4/1000						
Redeemed 20 Mar.	874 / 1/500	500	,,	,,	500	Lent at 3½ per cent. to 29 Jan. ,,	14
						Cont. at 4 per cent. to 12 Feb. ,,	14
£3000. Redeemed 15 April.	1491 5800 3 5817 8 / 5/1000	5,000	Feb. 11.	,,	5,000	Lent at 5 per cent. to 12 Feb. ,,	1
£2000. Redeemed 10 April.						Cont. at 5 per cent. to 25 Feb. ,,	13
Exchanged 25 Feb.	4490						
	1490						
£3000. Redeemed 20 Mar.	5802 16 / 5/1000	5,000	,,	,,	5,000	Lent ,, ,, ,,	14
,, 25 May.	5801						
					£58,500		

Remarks.	Exchequer Bills returned.		£.	Date.	Cash re-paid.	£.	Rate per Cent., Time, Renewals.
				Jan. 15.	Balance carried down.	38,000	
						£ 38,000	
	5800 to 3 / 4/1000						
	5816 to 8 / 3/1000		10,000	Jan. 29.	Cash received	10,000	
	1490 1 4490 / 3/1000						
	5819 20 5834 / 3/1000						
	5836 to 8 / 3/1000		10,000	Feb. 5.	,,	10,000	
	7404 to 7 / 4/1000						
	7422 7469 70 1 7464 / 5/1000		5,000	Feb. 12.	,,	5,000	
				Feb. 25.	Balance	28,500	
				Feb. 28.	,, Carried down	5,000	
						£ 58,500	

Remarks.	Exchequer Bills deposited.			Date.	Cash Lent.		Rate per Cent., Time, Renewals.	Days.
Redeemed 15 April.	5819	2/1000						
	20							
	5956	3/1000						
	to 8							
	5954		11,000	Feb. 25.	Exchanged for £22,000 bills, given up as per contra.			
,, 20 Mar.	5	3/1000						
	5834							
,, 1 April.	5836	3/1000						
	to 8							
,, 15 April.	5879							
,, 20 Mar.	5889	10/1000	11,000	Mar. 5.				
	to 98							
						9,000	Cont. at 5 per cent. to 4 Mar.	7
							,, 25 Mar.	21
							,, 15 Apr.	21
				Feb. 25.	Balances brought down, £33,500.	9,500	,, 8 Mar.	11
							,, 29 Mar.	21
							£4,500 at 4 per cent. to 2 Apr.	4
						10,000	Cont. at 5 per cent. to 12 Mar.	15
							,, 2 Apr.	21
				Feb. 28.	..	5,000	,, 15 Mar.	15
							,, 15 Apr.	31
Redeemed 10 April.	8284	1/1000	1,000	April 6.	Cash paid	1,000	Lent at 5 per cent. to 10 Apr.	4
						£34,500		
				April 15.	Balance brought down.	1,000	Cont. at 3½ per cent. to 25 May	40
						500	,, ,, ,,	40
Received back the security when we repaid the loan	..	..	..	April 29.	Cash re-paid	10,000	Cont. at 5 per cent. to 29 May	4
						£11,500		

Remarks.	Exchequer Bills returned.			Date.	Cash re-paid.		Rate per Cent., Time, Renewals.	
	7408							
	7410							
	19							
	20							
	7455							
	6	11/1000	11,000	Feb. 25.				
	7462							
	7411							
	2				Delivered up in exchange for £22,000, as per contra.			
	7454							
	4490							
	7409							
	7421	4/1000						
	3							
	7460							
	7457	3/1000	11,000	Mar. 5.				
	to 9							
	7465	4/1000						
	to 8							
	874	2/500						
	5							
	1490			Mar. 20.	Cash received	5,000	At 4 per cent. to 29 Mar.	In anticipation of loans due on those days.
	5802	6/1000						
	16							
£2000 other bills were given to Mr. Morgan, on these days, to hold until we delivered them, the loans being paid in anticipation.	5954		20,000	,,	,,	10,000	At 4 per cent. to 2 April.	
	5							
	5834							
	5836	3/1000						
	to 8			April 1.	,,	4,500	At 4 per cent. to 2 April.	Ditto.
	5889	10/1000						
	to 98			,,	,,	500	At 4 per cent. to 15 April.	Ditto of loan due 15 Apr.
	8284	1/1000	1,000	April 10.	,,	1,000		
	5817	2/1000	2,000	,,	,,	2,000	At 2½ per cent. to 15 April, in anticipation of loan due that day.	
	18							
	5835							
	1491							
	5800							
	3	6/1000						
	19							
	20		10,000	April 15.	,,	10,000		
	5956							
	to 8	3/1000		,,	Balance carried down.	15,000		
	5879	1/1000						
						£ 34,500		
	5801	1/1000	1,000	May 25.	Cash received	1,000		
	873	1/5000	500	May 29.	Transferred as advance in next account.	500		
£10,000 London and Birmingham Railway notes, deposited by us as security for this loan.	..	..	..	April 23.	Cash received	10,000	Borrowed of him, at 2½ per cent., to 29th April.	
						£ 11,500		

The interest on the above loans to Morgan will stand as follows:—That at 3½ per cent. amounts to £19 17 0
,, 4 ,, ,, 130 12 10
,, 5 ,, ,, 232 11 0
,, 6 ,, ,, 82 7 2
£465 18 0 Average rate is £4 14s. 6d. per cent. per annum.

TABLE II.

Showing the HIGHEST *and* LOWEST BALANCES *in every Month on the Settled Accounts, due from Edward L. Morgan to R. and W. Hichens and Harrison, from the commencement of their dealings in 1835, with the Rates of Interest charged;—also the Sums Borrowed by Hichens and Harrison of Edward L. Morgan.*

Date.	Highest Balance.	Lowest Balance.	Rate of Interest.	Sums borrowed by HICHENS of MORGAN. And Observations.
	£	£	Per Cent.	
1835—Sept.	9,500	. .	5	
Oct. .	9,500	Paid off 13th	5	Account closed.
1836—June 24.	. .	. .	. .	Hichens and Co. borrowed of Morgan £5,000.
July 5 .	. .	. .	. .	,, ,, 20,000.
Aug.	20,000	. .	4	Lent on 29th and 31st August.
Sept.	43,500	10,000	4 to 5	
Oct. .	10,000	Paid off 13th	4	Account closed.
Oct. .	12,500	Paid off 27th	4	,,
Nov.	8,500	Paid off 14th	5	,,
Nov. 24.	. .	. .	. .	Hichens and Co. borrowed of Morgan £10,000.
Dec. 26 .	. .	. .	. .	,, ,, 10,000.
1837—Jan. 4 .	. .	. .	. .	,, ,, 10,000.
Jan. 16 .	. .	. .	. .	,, ,, 9,000.
Feb. 23 .	. .	. .	. .	,, ,, 25,000.
March .	. .	. .	. .	,, ,, 25,000.
March .	3,000	1,000	4	
April .	1,000	Paid off 4th	4	Account closed.
May. .	9,000	Paid off 23rd	3	,,
June .	2,000	Paid off 26th	5	,,
June 17 .	. .	. .	. .	Hichens and Co. borrowed of Morgan £1,000.
July. .	3,000	Paid off 20th	3	Account closed.
Sept. .	24,000	Paid off 29th	3 and 3½	
Oct. .	14,000	Paid off 11th	3 to 5	Lent on 30th September.
Nov. .	35,000	15,000	2½	Account closed. Two days on 8000, at 4 per cent.
Dec. .	15,000	Paid off 27th	4	Account closed.
1838—Jan. 8 .	. .	. .	. .	Hichens and Co. borrowed of Morgan £10,000.
Jan. . .	5,000	5,000	2	
Feb. . .	5,000	Paid off 1st	2	Account closed.
March .	20,000	20,000	2½	
April .	20,000	5,000	2, 2½, and 2½	
May. .	20,000	Paid off 27th	,,	,,
May 31 .	. .	. .	. .	Hichens and Co. borrowed of Morgan £5,000.
June .	8,000	. .	4	
July. .	8,000	Paid off 17th	. .	Account closed.

Date.	Highest Balance.	Lowest Balance.	Rate of Interest.	Sums borrowed by HICHENS of MORGAN. And Observations.
	£	£	Per Cent.	
1838—Sept. .	27,000	17,000	2½	
Oct. . .	34,000	22,000	2½ to 4	
Nov. .	33,000	33,000	2½ and 3	
Dec. .	34,000	33,000	3 and 3½	
1839—Jan. .	34,000	Paid off 31st	3½ to 2½	
Jan. 30 .	10,000	. .	2½	Account closed.
Feb. .	31,000	9,000	2½ to 3½	
March .	33,500	4,000	3 to 3½	
April .	33,500	14,000	,,	
May .	41,000	19,000	3½ to 5	
June .	24,000	4,000	4½ to 5	
July .	13,000	4,000	4½ to 5	
Aug. .	28,000	13,000	5 to 8	
Sept. .	21,000	13,000	7 to 8	
Oct. .	19,000	14,000	6 to 8	
Nov. .	32,000	19,000	5½ to 8	
Dec. .	32,000	27,000	6½ to 8	
1840—Jan. .	28,000	3,000	8 to 5	
Feb. .	3,000	3,000	5	
March .	18,000	3,000	5 to 5½	
April .	18,000	13,000	5 to 3½	
May .	13,000	8,000	3½ to 5	
June .	9,300	8,000	5 and 6	
July .	8,000	Paid off 16th	. .	Account closed.
Aug. .	11,000	Paid off 18th	3½ and 4	Lent 31 July. Account closed.
Aug. 18.	. .	. .	. .	Hichens and Co. borrowed of Morgan £7,000.
Aug. 29.	3,500	. .	5	
Sept. .	17,000	3,500	5	
Oct. .	39,000	17,000	5	
Nov. .	43,000	23,000	5 to 7	
Dec. .	38,000	33,000	7 to 6	
1841—Jan. .	48,500	38,500	6 to 3½	
Feb. .	38,500	28,500	4 to 5	
March .	33,500	18,500	4 to 5	
April .	18,500	1,500 Paid off May 25	5 to 3½	
April 23.	. .	. .	. .	Account closed. Hichens and Co. borrowed of Morgan £10,000.

Bank raised its rate on 20 June to 5½ per ct. Bank raised its rate on 1 Aug. to 6 per ct. at which it continued until 23 Jan. 1840. The Bank would not lend on Exchequer Bills from 20 June, 1839, to 27 Feb. 1840.

The price of Exchequer Bills on 14 March was 65*s.* premium, and fell gradually to par on 13 Aug., rose to 22*s.* premium, and fell again to 1*s.* discount on 21 Sept., and to 12*s.* discount on 19 Nov., remaining between that price and par for the remainder of the year.

The price of Exchequer Bills on 17 July was 32*s.* premium, and fell to 3*s.* discount on 8 Oct., varying until the close of the year from a few shillings discount to a few shillings premium.

NOTE.—The loans forming the subject of the above balances were not made from month to month, but were for various periods of time, varying from a single day to the time of a Consol account day, viz., 6 or 7 weeks, but never for a longer term; and if the loans were large, a portion only was generally fixed for the period just mentioned, the remainder for intervening periods of a week or fortnight.

TABLE III.

Containing a STATEMENT of the TOTAL AMOUNT of INTEREST received by R. and W. Hichens and Harrison of Edward L. Morgan, from the Commencement of their dealings in September, 1835, up to 14th October, 1841; showing the Rates and respective Amounts at each Rate, and the times when and the Amounts in which such Interest was paid by E. L. Morgan.

Statement of Interest.

			£.			£.	s.	d.
The Interest at 2 per cent. was on			183,000	for one day, and amounted to		10	0	6
,,	2¼	,,	225,000	,,	,,	13	17	0
,,	2½	,,	3,452,000	,,	,,	236	9	0
,,	3	,,	1,750,500	,,	,,	143	17	0
,,	3½	,,	3,499,500	,,	,,	335	12	0
,,	4	,,	4,196,000	,,	,,	459	17	6
,,	4½	,,	812,000	,,	,,	100	2	0
,,	5	,,	8,597,000	,,	,,	1,177	15	0
,,	5½	,,	185,000	,,	,,	20	3	0
,,	6	,,	1,746,000	,,	,,	287	0	0
,,	6½	,,	125,000	,,	,,	22	5	0
,,	7	,,	1,422,000	,,	,,	272	15	0
,,	7½	,,	255,000	,,	,,	52	7	0
,,	8	,,	1,988,000	,,	,,	435	0	0
		£	28,386,000*					

* This sum does not exhibit the amount of the loans, but arises from multiplying the various loans by the number of days for which each continued, reducing the whole to an equivalent for one day. This is done to ascertain the average rate and average amount under loan, and to show the proportions at the different rates.

N.B. The average rate of the above was 4*l.* 11*s.* 8½*d.* per cent. per annum. The average amount under loan was about 12,962*l.* The interest upon this sum, therefore, at 4*l.* 11*s.* 8½*d.* per cent. per annum for the whole period of the loans would amount to 3,566*l.* 3*s.* 4*d.* The average rate of interest above stated would have been lower, but from the circumstance of the loans having been generally reduced or wholly paid off about the periods of the payment of the dividends, when the rate of money is generally lower than at other times.

Total . . . . . £ 3,567 0 0

Sums received of Mr. Morgan for Interest.

1835.	£.	s.	d.
Oct. 12	9	0	0
Oct. 13	7	5	3
1836.			
Aug. 4	1	19	5
Sept. 14	15	6	10
Sept. 16	3	9	10
Sept. 19	2	1	1
Sept. 23	25	13	8
Oct. 17	54	10	4
Oct. 27	9	0	10
Nov. 14	0	12	4
Nov. 28	5	19	2
1837.			
March 16	0	6	6
April 6	2	8	2
May 23	8	2	9
June 26	1	1	11
July 20	5	15	1
Sept. 26	4	0	0
Sept. 30	11	10	2
Nov. 17	26	1	6
Dec. 4	36	10	11
Dec. 28	34	12	7
Dec. 29	0	3	10
Carried up £	265	12	2

Brought up	£.	s.	d.
	265	12	2
1838.			
Feb. 1	4	2	2
May 18	62	17	5
May 29	13	11	3
July 17	36	16	5
Sept. 23	2	1	1
Sept. 29	0	2	2
Dec. 31	245	17	8
1839.			
March 13	141	3	8
May 30	195	2	0
July 31	69	13	1
Aug. 29	100	0	10
Aug. 30	1	1	11
Sept. 27	31	15	7
Oct. 1	0	5	6
Oct. 2	102	7	4
Oct. 31	93	11	9
Nov. 29	107	3	2
Dec. 5	7	4	8
Dec. 12	1	15	7
Dec. 31	195	16	10
Carried up £	1,678	2	3

Brought up	£.	s.	d.
	1,678	2	3
1840.			
Feb. 21	115	16	8
March 16	17	5	2
April 24	28	9	4
April 30	76	17	0
May 30	37	16	5
June 10	0	7	1
June 30	2	9	4
July 31	55	17	10
Aug. 27	13	9	3
Aug. 29	1	4	8
Sept. 16	0	7	8
Oct. 7	28	12	8
Oct. 24	51	4	8
Nov. 4	64	18	7
Nov. 17	89	6	4
Nov. 30	46	15	4
Dec. 31	219	3	0
1841.			
March 5	271	17	10
May 6	166	7	1
May 25	24	2	2
July 30	149	5	9
Aug. 28	165	0	9
Oct. 21	259	7	0

Total.	£.	s.	d.
	3,564	3	10
Difference in calculation	2	6	2
Total . . . . . £	3,567	0	0

TABLE IV.

List of the Numbers of all Exchequer Bills from time to time deposited by Edward L. Morgan with R. and W. Hichens and Harrison, (as correctly as they can ascertain,) which have been redeemed, or otherwise withdrawn.

Date of Deposit.	No.	Amount.	
1836.			
August 29	8393 to 402	10	10,000
,, 31	8403 to 12	10	10,000
Sept. 10	Nos. not taken.	..	15,000
,, 13	Ditto . Account	.. closed.	8,500
1837.			
Sept. 19	7311 to 5	5	14,000
	7321	2	
	7322		
	7324 to 8	5	
	8496	2	
	7		
,, 22	452	10	10,000
	3		
	993		
	4		
	5		
	2981		
	2		
	3762		
	6023		
	4	Closed.	
,, 30	2981	4	
	2		
	7314		
	5		
	7321	2	10,000
	2		
	7324	4	
	to 7		
	3762		
	6023	4	4,000
	4		
	7313		
October 3	8491	1 Closed.	1,000
Nov. 2	7329	1	1,000
,, 4	7316 to 20	5	8,000
	7323	3	
	7396		
	7		
October 17	Nos. not taken.	..	6,000
Nov. 4	7360	2	2,000
	1		
,, 10	7365 to 74	10	10,000
,, 14	452	8	8,000
	3		
	993		
	4		
	5		
	7328		
	8421		
	2	Closed.	
1838.			
January 17	8423	5	5,000
	4		
	5		
	2981		
	2	Closed.	
March 8	3245	15	15,000
	3611		
	6108		
	3242		
	3		
	6835		
	6		
	7		
	565		
	5474		
	7340		
	6		
	7		
	8		
	7397		

Date of Deposit.	No.	Amount.	
1838.			
March 8	7396	5	5,000
	7341		
	2		
	7311		
	2		
April 16	8149	2	2,000
	50		
,, 30	8570 to 82	13	13,000
May 14	7477 to 81	5	5,000
,, 17	7313	5	5,000
	4		
	5		
	9		
	20	Closed.	
,, 14	8588	1	1,000
,, 26	Blotted.	2	2,000
Sept. 6	8149	2	5,000
	50		
	8580	3	
	to 2		
,, 13	9189 to 9200	12	12,000
,, 25	7505	10	10,000
	14		
,, 28	No. not taken.	..	1,000
October 5	6379 to 83	5	10,000
	7500	5	
	to 4		
,, 10	Nos. not taken.	..	10,000
,, 15	Ditto .	..	6,000
	6756	..	1,000
,, 30	9179 to 83	5	5,000
Dec. 24	9144	1	1,000
1839.			
January 30	7483 to 92	10	10,000
February 14	8145	2	2,000
	6		
,, 19	8122	2	
	3		
	9142	2	
	3		
	9145	4	
	to 8		
	9186	3	20,000
	to 8		
	8570	4	
	1		
	2		
	9		
	8590	5	
	to 4		
March 5	8135	2	2,000
	6		
,, 6	8137	1	1,000
,, 22	7515	5	
	to 9		
	6379	5	
	83		
	7554	3	19,500
	2107		
	8		
	3005	10/500	
	to 14		
	4803	15/100	
	to 17		
,, 27	7888	6	10,000
	to 93		
	7894	4	
	7		
April 15	7908	10	10,000
	17		
May 7	7898	2	
	9		
	7903	5	10,000
	7		
	7900	3	
	1		
	2		

Date of Deposit.	No.	Amount.	
1839.			
May 9	7414 to 20	7	7,000
,, 31	7906	1	1,000
	7907	1	1,000
June 1	9105 to 7	3	3,000
July 3	7892	1	1,000
,, 17	7910 to 7	8	8,000
August 6	7907 to 9	3	5,000
	7962	2	
	3		
May 16	9160 to 4	5	5,000
August 22	Nos. not taken.	..	10,000
,, 23	9206 to 8	3	3,000
,, 29	9213	5	5,000
	4		
	7890		
	7889		
	7961		
Sept. 30	7892	1	1,000
	Small Bills	..	1,000
October 31	7932	2	5,000
	3		
	7975 to 7	3	
Nov. 6	7986 to 7	2	2,000
	7988	2	2,000
	9205		
,, 20	9211	6	6,000
	2		
	9246		
	7905		
	7986		
	7		
,, 25	7904	1	1,000
,, 26	9235	2	2,000
	6		
,, 28	9703	3	3,000
	4		
	9216		
,, 29	7964	2	2,000
	9247		
Dec. 10	9247	5	5,000
	7904		
	7964		
	7932		
	3		
,, 24	7891	1	1,000
1840.			
March 5	9140	2	2,000
	1		
,, 14	9211	2	8,000
	2		
	9125	5	
	to 9		
	9246	1	
,, 16	9235	1	1,000
	9205	4	4,000
	to 8		
Feb. 18	9142	3	3,000
	to 4		
No date.	7465	4	4,000
	to 8		
Ditto .	7423	4	4,000
	7469		
	70		
	1		
June 15	7456	1 Closed.	1,000
July 31	5816 to 20	5	8,000
	7457	3	
	8		
	9		
August 3	5801	3	3,000
	2		
	3	Closed.	
,, 29	5799	1	1,000

TABLE IV.—List of the Numbers of all Exchequer Bills, &c.—*continued.*

Date of Deposit.	No.	Amount.		Date of Deposit.	No.	Amount.		Date of Deposit.	No.	Amount.	
1840.				1840.				1841.			
August 31	5798 } 5800 }	2	2,500		5834 } 6 }	2	2,000	February 11	4490 } 1490 }	3	
	873	1/500			873 } 5 }	2/500	1,000		1		
Sept 10	5816 } to 20 }	5	5,000	,, 25	7423	1	1,000		5800 } to 3 }	4	10,000
,, 26	7410 } to 2 }	3	3,000		7469 } to 71 }	3	3,000		5816 } to 8 }	3	
,, 30	7404 } to 9 }	6	6,000	,, 30	1490 } 4490 } 5802 } 3 } 5834 } 6 }	6	6,000	,, 25	5954 } 5 } 5834 } 6 } 7 } 8 }	11	11,000
October 14	7468 } 7470 } 1 }	3									
	7418 } to 22 }	5	11,000	Dec. 2	1491	1	1,000		5819 } 20 } 5956 } 7 } 8 }		
	7469 } 5801 } 2 }	3			5838	1	1,000				
					7460 } 2 } 4 }	3	3,000				
,, 17	7455 } to 9 }	5	8,000					March 5	5879 } 5889 } to 98 }	11	11,000
	7465 } to 7 }	3		1841. January 15	874	1/500	500				
	7423	1	1,000		7454	1		April 6	8284	1	1,000
,, 27	5835	1	1,000		7457 } 9 }	3	10,000				
	5837	1	1,000		7465 } to 8 }	4					
Nov. 13	1491 } 7462 } 7460 } 4 }	4	4,000		7411 } 2 }	2					

NOTE.—From September 13, 1836, to September 19, 1837, there were a few bills occasionally deposited, for a few days at a time, but the numbers were not taken; 5000*l.* Exchequer Bills deposited in May and June, 1841, and redeemed, are not contained in this list, as they are entered in the account of the bills now outstanding.

[*The Witness withdrew.*]

Examinations.

23rd June, 1842.

Mr. *Ernest Rapallo* called in.

President.—Mr. Rapallo, I do not know whether you are aware that you are quite at liberty to have professional assistance. Mr. Lefroy has been usually employed by you, and if you wish to have him, or any other professional adviser, the Commissioners would say to you as they have done to others who have been examined, they will be quite ready to admit any gentleman whose assistance you may desire to have.—I had rather answer any question your Lordship may be pleased to put to me without any assistance.

I wish to inform you that you are by the operation of law protected in coming over to England, and attending before this Commission, and that you will be protected in returning to the place from which you came, and that the Commissioners will take care you shall have your reasonable expenses. With respect to any protection in remaining here after your examination is closed, you will not be protected unless the Commissioners in their discretion should under the power given to them in the Act of Parliament think it right to grant you the certificate which is prescribed in that Act of Parliament. That they wish you to understand is a matter entirely in the discretion of the Commissioners, on which they say nothing; it is entirely in their discretion, and they wish you fully to understand that, and then to exercise your own judgment whether you choose to be examined on this subject or not, and with a view to that question they would have been glad that you should have had professional assistance.—I throw myself entirely on the Commissioners' consideration.

The Commissioners wish that you should understand that it is entirely in their discretion whether they give that certificate or not, and you must exercise your own judgment whether after that intimation you choose to be examined or not.—I came willingly, as I promised that I would do, and I am here willing to answer any questions your Lordship may be pleased to put to me. I leave it entirely to the Commissioners' consideration whether I am entitled to the indulgence of their certificate or not. I leave it entirely to your Lordship's discretion.

Mr. *Rapallo* sworn and examined.

Mr. E. Rapallo.

6389. It appears that a great many documents purporting to be Exchequer Bills have passed through your hands to different persons, have you delivered in the course of the last three or four years a quantity of Exchequer Bills to a Mr. Morgan?—I have.

6390. To Mr. De Berckem?—I beg to offer an explanation. I used not to deal with Mr. De Berckem at all; it was with Mr. Mariner, the gentleman that I employed, and then even for a long time I did not know that he employed Mr. De Berckem at all.

6391. You handed the Exchequer Bills to Mr. Mariner?—I did; that I became

acquainted afterwards with Mr. De Berckem, and that I have even afterwards dealt with him direct in the presence of Mr. Mariner is a fact, but not in the first instance.

6392. From whom did you receive those Exchequer Bills?—From Mr. Smith.

6393. Mr. Beaumont Smith?—Yes.

6394. Do you now know what his situation was?—Yes.

6395. Was he clerk in the Exchequer Bill Office?—Yes.

6396. How long did you act for Mr. Solari?—From 1836; I did not commence myself, Mr. Solari began.

6397. Was your connexion with Solari commenced in 1836?—I have known him ever since I came into this country.

6398. Was he here before you?—He was.

6399. When did you come?—I came in the latter end of 1822.

6400. You found him here?—I did.

6401. In 1834 or 1835 in what situation was Mr. Solari?—He was very awkwardly situated.

6402. Had he in the commencement of 1836 any establishment as a merchant?—Not that I am aware of.

6403. What was his ostensible situation?—He was a bankrupt in 1821. I think he had his certificate; he was a certificated bankrupt.

6404. What business did he do in the commencement of the year 1836?—Chiefly bill discounting.

6405. How soon were you employed at all, or did you receive any bills from Mr. Smith?—I received a bill from Mr. Smith originally.

6406. What was the earliest date?—It was in the spring of 1836 to the best of my recollection.

6407. What did you do when you first received any bills from Smith?—I gave them to Mr. Solari to borrow money on.

6408. Did all the bills come from Mr. Smith himself?—Himself.

6409. During Solari's life-time used Solari to receive bills from Mr. Smith, or did you receive them?—I do not think Mr. Solari has ever received one from Mr. Smith himself; I am not aware that he did.

6410. While Solari was living, did you always hand over to him what you received, or did you hand them at once to a broker, or do anything with them?—Always to Solari, I never dealt myself until he became so ill that he could not act himself.

6411. How long before his death was it that he became incapable of acting for himself?—To the best of my recollection it might have been about a year before his death, it could not be more, decidedly.

6412. What sort of authority did Solari give you at that time; to whom did he communicate?—He communicated to Mr. Mariner as well as Mr. Morgan.

6413. Did he give those gentlemen to understand that you were to act as representing him in the transactions with them?—Yes.

6414. After that period what was the course of your dealings with Mr. Morgan; what was the nature of your dealings with him?—Speculation in the funds.

6415. What part did Mr. Morgan take in those speculations, did you employ him as a broker?—Merely as a broker.

6416. In the course of those speculations had you occasion to find in some way or other a considerable sum of money.—Yes.

6417. What did you do with respect to Exchequer Bills?—I gave them to them to raise money upon.

6418. Did you from time to time hand over Exchequer Bills?—I generally handed them.

6419. Were all those bills, whatever the amount, received from Smith?—They were received from Smith.

6420. What consideration was paid to Smith for those bills in the outset. Did you pay him for the bills, or did you pay him those sums on the general account at different times?—Until I became acquainted myself with the Exchequers I never paid one single farthing to Mr. Smith myself, but it was Mr. Solari who used to supply Mr. Smith whenever he required, but since I became acquainted myself direct, I gave up all the account, and Mr. Bush knows to a farthing what Mr. Smith had.

6421. You gave him money from time to time?—Yes, whenever he required.

6422. In taking those bills to Mr. Morgan, what passed about them; what did you say to him?—I used to give him the bills, and he used to provide me with the money.

6423. Did he understand from you that those bills were your own property?—No.

6424. Whose property did you represent them to be?—I acted with a power which Solari gave to Mr. Morgan, that I should act for him.

6425. Up to Solari's death you mean that you represented to Morgan that they were Solari's property.—No, they never believed they were either Solari's property nor mine.

6426. What representation was made to them about the property; where was it represented that the Exchequer Bills came from?—I never made any representation myself, but from circumstances I have always understood that Mr. Solari made Mr. Morgan sensible that he had some very high connexion that he got those bills from.

6427. You yourself never made any representation upon the subject?—Never; I never was asked.

6428. You took it up on Solari's representation?—Yes.

6429. Have you any means of stating what was the amount of stock you at any time

Examinations.

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possessed on account of speculations carried on by means of those Exchequer Bills?—I do not think it is in my power to do so.

6430. What money was raised on the Exchequer Bills; what was done with them?—I used to buy stock and pay for it.

6431. Did you use to do that yourself, or through the agency of a broker?—Never myself, always through the agency of a broker.

6432. Did you employ Morgan for that purpose?—On some occasions principally as one.

6433. Did you employ other brokers?—Yes.

6434. Can you state their names?—I employed Mr. Morgan, I employed Mr. Waller, employed Mr. Godwin, I employed Mr. Peacock, I employed Mr. Oakley, I employed, but quite recently, Mr. Heseltine, Mr. Rochas, Mr. Fielder, and I might employ some others that I do not at this moment recollect.

6435. You mean that you employed those brokers for the operations of the funding?—Yes.

6436. Not with relation to Exchequer Bills?—Yes, I never had a channel myself; it was all the channels Mr. Solari had.

6437. And to which you succeeded?—Yes.

6438. Are you to be understood that those two were only Mr. Mariner and Mr. Morgan?—I became connected also with Messrs. Price, Sir Charles Price and Co., and Messrs. Ransom and Co.

6439. Two banking accounts?—Yes.

6440. Did you ever employ either Morgan or Mariner to sell an Exchequer Bill for you?—No.

6441. After you took the management of the concern, did Mr. Morgan ever ask you the question from whom the Exchequer Bills came?—Never.

6442. What became of the money that was raised upon those Exchequer Bills by Morgan or by Mariner?—Mr. Solari unfortunately, when he died, left me in the greatest trouble by having squandered in several companies he became acquainted with; and I consider it fortunate that I can show, by papers in the possession of Mr. Bush, that he left a deficiency of upwards of 130,000*l*., which I had to contend with and pay the interest.

6443. Was he at the time of his death possessed of those shares, whatever they were worth?—They are all in existence now.

6444. In what way were you liable for so large a sum of money; were those shares unpaid for?—I was not liable, except that I could not redeem the Exchequers, when they were called in, by selling those shares, they not being worth anything.

6445. Was there a large amount of loan outstanding at the time of Solari's death?—Yes.

6446. And all on Exchequer Bills?—Yes, all on Exchequer Bills.

6447. And all through the agency either of Morgan or of Mariner, or of the two bankers, Price and Company and Ransom and Company?—Yes.

6448. In what way did you endeavour to provide for redeeming the loan that was then outstanding?—I was obliged, every time a bill was due, to sell or to borrow as much as I possibly could on the stock in my power, and then to look to Mr. Smith to give me as many Exchequers as were necessary to meet the difference.

6449. At the time of Solari's death, when he left those large liabilities, did Mr. Morgan or Mr. Mariner make any particular inquiries of you as to the state of Solari's affairs, and the means there were of settling them?—They were perfectly aware that he squandered just as much as I am aware myself.

6450. They were perfectly aware of the state of Solari's affairs?—I never had a discussion so far with them; but I know that old Mr. Morgan, as well as Mr. Mariner, had, like myself, contended all in their power to prevent his entering on those speculations, which he would do. He got hold of some very indifferent people in the City, and they had such a power over him that all my exertions, and Mr. Mariner's exertions, and several of my friends, to prevent his entering upon those things, never had any effect, and, situated as I was, I was obliged to submit.

6451. At the time of his death were they aware what the result of those speculations was; were they aware that there was a large amount of liabilities then due from his estate?—Oh yes, decidedly.

6452. Did either of them make any particular inquiries in order to see what were the assets or the means which remained to the executrix to enable her to discharge those liabilities?—He died as it were in a state of insolvency, and they knew it, because I explained it to them.

6453. Did either Morgan or Mariner make any remonstrance or objection to going on with the account afterwards when you brought Exchequer Bills, after Solari's death, to raise money on?—No.

6454. When money was to be raised on Exchequer Bills, was any particular caution given in the instructions, that care should be taken that the same bills should be brought back again that you should have them to exchange?—Never with me.

6455. Are you aware of a particular occasion on which a bill which had been pledged for money was changed for another?—Yes.

6456. Through which of the channels had that bill gone into circulation, Mr. Mariner or Mr. Morgan?—It was Mr. Mariner.

6457. Do you remember any circumstances attending that, and what passed?—I do; the bill was astray and they made a good deal of exertion to find it.

6458. Was that the only bill in that situation?—I believe there were several bills, but one in particular; I believe there were eight, but the seven were soon traced. I will not be certain

to the number; there were, I know, several, but one they had great difficulty in getting back.

6459. Who was employed to get that back?—It was a brother of Mr. De Berckem, Mr. Henry De Berckem.

6460. Was a considerable sum of money paid for the trouble of doing that?— I gave him 50*l.*

6461. You paid him?—I paid him.

6462. How did you pay him?—His brother put it into the account with Mr. Mariner, for I never dealt direct with Mr. De Berckem. Mr. Mariner gave me the account and put in 50*l.* for that purpose.

6463. Did Mariner give you an account in which that charge was made?—Yes.

6464. That was an account between Francis De Berckem and Mariner?—Yes.

6465. In which a charge of 50*l.* was stated as having been paid to Henry De Berckem for the trouble of getting back that bill?—Yes.

6466. Where would that account be, among Mr. Mariner's papers, or is it among any of the papers you have given up?—I believe it will be found in the possession of Mr. Bush; but I beg to inform the Commissioners that I had a very small place, and when the drawers were full I used to destroy the accounts.

6467. Who gave directions to have that bill hunted up?—I did.

6468. Did you give those directions through Mr. Mariner?—To Mr. Mariner and to Mr. De Berckem personally also as well as his brother.

6469. Did you know anything at the time about the amount of the remuneration given until you saw it in the account?—I promised 50*l.* if they could get the bill found.

6470. Did you explain to Mr. Mariner or to De Berckem why you wanted this particular bill got up?—Yes.

6471. What did you tell them?—I used to tell Mr. Mariner that, unless I could regularly have the same numbers, an inquiry would be made, and perhaps I should lose the management of it, because they were not aware of the great deficiency which existed of Mr. Solari having thrown away so much.

6472. What do you mean by that?—I mean the party that gave me the bills; it was always understood by Mr. Mariner that there was a great deficiency, having himself tried to prevent Mr. Solari having anything to do with those ruinous companies; therefore I used to tell them that unless I had the same numbers returned the party from whom I received the bills, namely Mr. Solari's principal, would very likely compel me to give account, for which I should be deprived of the benefit of having any bills for the future.

6473. Did you often speak to Mariner about obtaining the same numbers?—It was so seldom that there was any number astray I do not think I had much occasion except when anything happened of that description. I do not think it happened more than once or twice.

6474. Had you said anything about wishing to get back the same numbers until some circumstance of that kind had occurred?—Yes.

6475. Had you ever occasion to say anything of the same kind to Mr. Morgan?—Not to my recollection because no circumstance ever occurred with him.

6476. How were Messrs. Morgan paid as brokers for the loans obtained?—They never charged me anything.

6477. It was with Messrs. William and James Morgan you dealt?—Yes.

6478. Did you consider yourself as dealing with one of the Messrs. Morgan or the firm?—I considered that I dealt generally with them all,

6479. The firm of William and James Morgan?—Yes.

6480. Was there any agreement or understanding about their being paid?—They were paid upon buying and selling stock for me, and things of that sort.

6481. Was that all the remuneration they were to receive?—That was all they were to receive.

6482. There was no agreement for anything more?—No.

6483. How was Mr. De Berckem paid as broker on the loans he obtained?—He never charged anything.

6484. He never charged anything for commission?—No.

6485. Did he deliver his account to Mariner, or to you?—To Mariner.

6486. Did you see the account delivered?—No.

6487. Then how do you know whether he charged commission or not?—Because I never was charged by Mr. Mariner; therefore I have reason to presume Mr. De Berckem did not make any charge.

6488. Did Mr. Morgan obtain no profit or remuneration directly or indirectly for what he did as broker in respect of Exchequer Bills?—No.

6489. He was only paid by the brokerage on the stock transactions?—No.

6490. Was that also the case respecting Mr. De Berckem?—With Mr. De Berckem I did not deal; with Mr. Mariner it was the same.

6491. Was there any agreement between you and Mr. Mariner on the subject of commission on the Exchequer Bills?—Never.

6492. You have stated that no commission was charged on the Exchequer Bill transactions, as between you and Morgan, or between you and Mariner, but that they divided the brokerage on the stock transactions. What profit or remuneration did they derive from the stock transactions?—I used to give 1-16th for all transactions we had.

6493. First, with respect to Mariner, what did he get?—1-16th.

6494. What did Mr. Morgan get on stock transactions?—Mr. Morgan would never do it for 1-16th in the consols; it was a very long time, and they would never consent to do it for 1-16th, but they did it on other transactions. On the consols they had 1-8th.

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6495. Besides the brokerage or commission of 1-16th or 1-8th, did those parties derive any other advantage from the stock transactions, or the Exchequer Bill transactions?—No; certainly not.

6496. This is one of De Berckem's brokerage notes to Mariner in which brokerage was charged. (*The same being shown to the witness.*) Was it charged in that manner by Mariner to you?—Yes.

6497. Do you recollect about the 15th of October, 1841, giving Mr. Mariner some bills of which a portion were returned to you on the next day?—I had so many transactions that I cannot recollect that.

6498. Do you recollect a particular transaction of the kind in October, about the 15th or 16th; do you recollect giving Mariner some bills, of which a portion were returned the next day?—It may have been; I know that I went to Mr. Mariner and was trying to borrow money through Messrs. Morgan, and I should not be surprised if I asked them to give me some bills in order to borrow money, because they had difficulty in borrowing it themselves.

6499. What led to Mariner giving back some bills to you?—I cannot explain it in any other way but asking Mariner to give me bills, that I might go to Morgan or Price to try to get the money there. Ever since the discovery took place I was entitled to have all the bills in my possession by discharging them, and I discharged a good many, but I never would have one.

6500. Were you ever charged more than the common rate of interest in respect of any of the loans you obtained?—According to the value of money.

6501. Were you ever charged more than the rate of interest according to the value of money at the time?—No.

6502. What is the highest rate of interest you recollect to have been charged?—Seven per cent. I think.

6503. Did you never pay more?—I do not recollect; I know that 7 per cent. I have paid often, but higher than that I do not recollect.

6504. Do you recollect any instance of bills being allowed to remain with the parties with whom they were deposited when they were over due after the time for exchange had passed?—I do.

6505. What instances of that kind do you remember?—I recollect an instance where I had not sufficient stock to borrow money on to redeem all the Exchequers, and I asked Mr. Morgan if he could manage to keep them back until I could get him some other bills, and I believe, as far as I recollect, that he got Mr. Ransom to keep them back to the extent I believe of 14,000*l.* or 15,000*l.*

6506. Do you remember any other instances?—Yes; I recollect another with Mr. Mariner, once if not twice that I made the same proposition, and with some friend of theirs who had the bills, and they arranged them to be kept back for a few days until I could get fresh bills to exchange.

6507. Do you recollect any other instance?—I do not; I think it was the case with Mr. Mariner once or twice.

6508. Was the arrangement or course of business between you that you should manage the exchanges?—Yes.

6509. Do you recollect any circumstance of a bill bearing a wrong rate of interest?—I do.

6510. State the circumstances?—I recollect once giving some bills to Mr. Mariner which had a wrong interest, and after having them in their possession, I believe, for one day, the clerk of Mr. De Berckem found that the interest was not right, and I told him to send me the bills back.

6511. Was that more than one bill?—Yes.

6512. How many?—I think it was 20 but I will not be positive; I know there were several. I said, if he would give me the bills back I would get them exchanged. Mr. Mariner was at that time in a very great rage, and wanted to write to the Chancellor of the Exchequer.

6513. In a great rage about what?—At their having issued from the Exchequer Bill Office bills with a wrong interest, but I prevailed upon him not to do it, telling him that I might be deprived of the agency if there was any stir about it.

6514. Was that all that passed between you and him upon that subject?—I do not recollect anything further.

6515. On Solari's death what was your first communication with Messrs. Price and Company; what passed upon Solari's death?—They required an authority from Mrs. Solari for me to act, which she gave to them.

6516. In whose name did the account continue at Price's after Solari's death?—I am not aware, I believe it was continued as Mr. Solari's account.

6517. Was any money paid in by you to that account except what was produced upon these Exchequer Bills?—I opened an account with them myself in my own name.

6518. Did you pay monies in on that account?—I did.

6519. Did Messrs. Price and Co. ask any questions of you relative to the state of Solari's affairs?—We have had several conversations on the subject, and to the best of my recollection they knew that Mr. Solari had squandered away money as anybody else knew in the City.

6520. Did you borrow money from Messrs. Price and Company on any other security than Exchequer Bills?—No.

6521. Do you recollect in the month of October last going to Morgans' with a large sum of Exchequer Bills at one time?—I do.

6522. Do you recollect what was the amount you went with?—40,000*l.* or 50,000*l.* I think.

6523. It has been stated that at a time when there were outstanding between 70,000*l.* or 80,000*l.* of loans, you went to Mr. Morgan's with 60,000*l.* of Exchequer Bills, desiring

them to get a further advance to that amount; is that the fact?—Yes; I will not assert there were 60,000*l.* but I know there was a very large amount.

6524. From whom had you received those bills?—From Smith.

6525. What was the particular object for which money was wanted at that time?—I had entered on a very large speculation in Spanish, and my object was to pay for the stock in order to have a rapid rise.

6526. Through what broker had you agreed for the stock which was then to be paid for?—I had several brokers.

6527. Did Messrs. Morgan know what was the particular object of raising the money?—They did to a certain extent, but my object was to keep the brokers from having communication on my speculations.

6528. You did not let one broker know what you were doing through another broker?—No.

6529. When you took that large amount of Exchequer Bills did anything particular pass as to where they came from?—No.

6530. You say that Mr. Morgan to a certain extent knew the object for which the money was wanted, did he know or had he reason from you to believe that it was your speculation or the speculation of anybody else?—I believe they always thought it was the speculation of somebody else not mine.

6531. Do you yourself know anything of the manner in which the money was raised on those bills?—Partially; I was told sometimes, I never borrowed direct myself.

6532. What money did you receive in respect of those bills?—I always received the full amount.

6533. During the time that Solari was alive did he keep a large house and establishment or live in an expensive way; where did he live at that time?—He lived in Harleyford-road, Vauxhall, where he died.

6534. Solari had a son?—He had.

6535. After suspicion arose were any steps taken by you to get rid of any Exchequer Bills that were in your hands?—There were; I had 50,000*l.* which I burnt.

6536. Where was that done?—It was done in Mrs. Solari's house.

6537. Were you in the habit of going much to Solari's house while he was alive?—Yes, constantly.

6538. Did you ever see Morgan there?—No.

6539. De Berckem?—No; I heard of Mr. Morgan having called but I never saw him there.

6540. Mr. Mariner was well acquainted with Solari?—Yes.

6541. It appears that the first transaction you had about any bills was in the spring of 1836, did those transactions upon Exchequer Bills continue from that time to October, 1841?—Yes.

6542. During the whole of that time was any Exchequer Bill which was furnished by you to either of the persons mentioned ever sold by your orders?—I am not aware that there was.

6543. You never gave directions for selling?—Never; I said to Mr. Mariner once, that if they could not raise money upon them when I was so pressed they might sell the bills.

6544. Do you recollect at what time that was?—It might be two or three months before anything took place.

6545. Can you undertake to state that to be the fact?—Yes; as to the time I will not say, but I know that that took place in one instance; "If you cannot get money upon them sell them." I was afraid in my heart that should take place knowing the anxiety.

6546. Recollect yourself as to the date, can you take upon yourself to swear positively it was before the 22nd of October, 1841?—Yes.

6547. Where did this take place?—It was in Mr. Mariner's office.

6548. Was there anybody else present?—To the best of my recollection I think Mr. Ireland was at his desk.

6549. What is he?—He was clerk to Mariner, but I will not be positive; he was almost always there.

6550. Did he know that you handed those bills from time to time to Mariner?—In many instances he did, and so did another clerk that was there, Mr. Oxenford, the nephew of the director of the Commercial Bank.

6551. Mr. Morgan has stated that between April, 1838, and October, 1841, he believes he delivered to you 269,000*l.* Spanish stock, paid out of the Exchequer Bills besides a considerable balance in money, is that so?—I confess that I never kept any account.

6552. Have you any reason to doubt the truth of that statement?—No; I used to deal very very largely, and I should consider that amount not too much.

6553. After making allowances, he says, for the losses sustained in the stock market?—Perhaps it was so.

6554. What became of that property?—I was obliged to pay an immense interest, and I had lost a good deal of money by degrees.

6555. How?—In speculations.

6556. In any other way?—No.

6557. After the death of Solari, did anything whatever pass between you and Messrs. Morgan, or Mr. Mariner, or Mr. De Berckem, as to the parties for whom you acted?—No.

6558. Or whether you acted on your own account or not?—They knew it was not on my own account for I never professed that the property was mine.

6559. On whose account did you profess to act?—They never asked me that question.

6560. You say you never professed the account was yours, what did you profess upon the subject?—I never was asked and never made any statement.

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6561. Was any statement made upon the subject by you previous to Solari's death?—Not by me.

6562. Or by Solari in your hearing?—I do not recollect; in fact Solari has always contrived that they should not know that I knew anything about the Exchequer Bills. It was not likely that the statement should be made before me while I knew that Solari was acting with them, so that they should not know that I knew he had anything to do with Exchequer Bills until he became ill, then he left me the management of them and authorized me to act.

6563. Did any of the persons who have been mentioned ask you how the bills were procured?—I never was asked that.

6564. Mr. Mariner has stated, that if the account was taken from the beginning, he had borrowed in the whole 112,000*l.* on Exchequer Bills, deposited by you, and delivered you stock to the amount of 147,000*l.* sterling. Do you believe that to be a correct account?—I am quite incompetent to answer that question because I never kept any account.

6565. That may be correct?—I do believe that Mr. Mariner's accounts were always so correct; I could venture as far as my opinion goes to think that it is so, because I never met with a more correct man in my life; but from my certain knowledge I cannot say.

6566. Whether the whole sum raised on Exchequer Bills amounted to 112,000*l.* or not you cannot say?—No.

6567. Nor whether the stock delivered to you would be of the value of 147,000*l.*?—I cannot.

6568. Whatever was the amount what has become of that money so received from Mariner?—All I can say is, that in asking them to back up bills that I could not discharge, it is the greatest proof that I can give that I had no property, because it was the most dangerous thing I could possibly do, and that would show at once that I had no property to do it. I was buying and selling, perhaps when I received from him I had to deliver to another.

6569. You have stated with respect to the property received through Messrs. Morgan that it was lost by you in speculation, does that statement apply also to the property received through Mariner?—It must have been so; I had no other channel to spend one shilling. Every body who knows me knows my habits. I never went into a gambling house in my life. I do not know what it is.

6570. With respect to the present state of your property, what is it compared with your liabilities?—I should think very trifling to be compared with them.

6571. Putting out of the question your liabilities on Exchequer Bills are you solvent?—Putting the Exchequer Bills out of the question I am solvent.

[*The Witness withdrew.*]

Mr. *David Haes* sworn and examined.

Mr. D. Haes.

6572. Will you have the goodness to state what occurred which led you to make some communications to the Chancellor of the Exchequer?—The occurrences are certainly very simple. On the 19th of October, after the disturbances in America about Mr. M'Leod's business, I was under apprehension that war might break out between the two countries if Mr. M'Leod was convicted. Previous to that we had been in the habit of lending a good deal of money on foreign stock. I thought it imprudent to go on with foreign stock, and that I would take the money out of the foreign market, and lend it on English security. I lent 20,000*l.* on Exchequer Bills, at 4 per cent. I was walking up Broad-street on the Tuesday morning, about 10 or 11 o'clock, with a friend of mine, when a person crossed over the way to me, and said, "You are the man I want; will you lend me some money on Exchequer Bills?" I said, "Yes, I will; it depends upon the amount, upon the interest, and upon the time." He says, "The interest is 6 per cent. for three months; you may have 10,000*l.* worth." I thought that very good interest, certainly; but he parted with a man on the opposite side of the way. I at that time did not consider him a man likely to have the bills in any way at all. He said, "You can have 10 or you can have 20." I am not sure whether it was not more. He said, "We will take the money from to-morrow, but begin the interest from to-day." The amount of interest I do not care for at all, but we are not in the habit in the city of giving up a day's interest; and I said to the person with me, "Here is something smokey;" and I said to the man who offered me the bills, "Do not consider anything binding in what I have done with you." If we do a thing on the Stock Exchange it is binding, but I said to the man, "Do not consider what I said as binding, but go to the counting-house." I went to the Stock Exchange, and said to the person to whom I had been lending on Exchequer Bills, "This is a pretty joke; I lend you money at 4 per cent. on Exchequer Bills, and go out and get an offer at 6." "Oh," said he, "you may let me have mine back again, but I will refer you to another man." I communicated with that other man, and he told me he thought I had better go over to a banker's in Lombard-street, and ascertain a fact. I went there, and, combining all the circumstances together in my mind, it struck me immediately that there was some robbery by some person who had the command of bills, and I made up my mind and sat down and wrote a letter to the Chancellor of the Exchequer. The whole did not occupy me 20 minutes. I came back to the counting-house to the man who had offered me the bills, and said that I could not give him the money; that I believed he was an honest man, but that the Exchequer Bills could not be his. He said, "No, they are not mine, but I am to receive a commission; I am going to do it for a gentleman."

6573. The person you refer to is Nathan?—Yes. I said, "I know, Nathan, you are an honest man, but these Exchequer Bills do not belong to you."

6574. Had he the bills with him?—No. I said, "You had better tell me who your principal is." He said, "He is a gentleman," I said, "Do not you have anything to do with it; bring me your principal to-morrow morning, and I shall think you an honest man, and leave the rest

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to me." When I came back to the office in the morning, and received the Chancellor of the Exchequer's answer, whom should I meet at the bottom of the stairs but Mr. Nathan and Mr. De Berckem. Mr. Nathan said, "I have brought you my principal, Mr. Haes." De Berckem said, "I am in the habit of doing this business; I have been in the habit of doing it for a very long while: you are perfectly safe."

6575. Had the amount of interest been talked of then?—No. I made use to De Berckem of the following words: "Is it usual to employ a man out of the house to obtain money on Exchequer Bills? Good morning!" I never said a word to him before or since.

6576. The terms were not mentioned in De Berckem's presence?—No; but Nathan told me that he was to have a half per cent.; that he was to get 300*l.* by the transaction; and that his son told me also it was not likely he would take a half per cent. on the interest.

6577. From the circumstances all together you arrived at the suspicion that there was some fraud in the matter?—There must have been fraud; it never could be possible that a person in Mr. De Berckem's situation could have the command of Exchequer Bills honestly obtained.

6578. The effect upon your mind was to induce you to believe there was a fraud?—Yes, or a robbery.

6579. In consequence of that you wrote to the Chancellor of the Exchequer upon the subject?—Yes.

6580. On what day was this?—I think it was the 19th of October; it was on a Tuesday; I could not go to him that day, being a Tuesday, but I said I would go to him the following morning.

6581. At the time this transaction occurred had there previously been any rumour on the Stock Exchange of there being anything wrong?—On the 19th of October I was told this had been going on for some years in the Exchequer Bill market. When I left Nathan to go to the Stock Exchange, a member of the Stock Exchange said, "Haes, you will be obliged to return these identical numbers; there is something wrong about it, for it has been going on for three years."

6582. Was this on the 19th or the 20th?—It was on the 19th, just previous to my writing to the Chancellor of the Exchequer.

6583. Had you been in the habit of lending money on Exchequer Bills?—I had done it occasionally, but not to any great extent, the foreign stocks paying a better interest.

6584. Had you ever had any transactions with De Berckem previous to that?—No; he was a man I had no dealings with.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 24th June, 1842.

The EARL of DEVON in the Chair.

Mr. *Edward Pollard* sworn and examined.

Mr. E. Pollard.

24th June, 1842.

6585. Are you second clerk in the Paymaster's Office of the Exchequer?—I am.

6586. It has been stated by several parties that they came they came to the Exchequer Office on the 22nd, 23rd, 26th, and 27th of October, in order to ascertain whether their bills were genuine. Can you give any information as to what passed upon those occasions?—There was an inquiry made, but it was earlier than that; I think it was towards the close of July. I have a doubt of the precise date of it; it was at that I was present.

6587. By whom was the inquiry made?—By two gentlemen, who did not mention who they were, or where they came from; they produced a parcel of Exchequer Bills; I did not count them, but they seemed to me about 20,000*l.*, or, perhaps, rather more.

6588. Can you state the numbers?—I did not take an account of the numbers, but they were all 1000*l.* bills, some dated in March and some in June, 1841; but I do not remember in what proportions.

6589. To whom did they make their application?—They made it to me; it was rather late in the day, and I was the only person in the office.

6590. State shortly what passed?—They asked me whether I could tell whether those bills were genuine; I looked over the few first of them with considerable attention, examining the paper, the engraving, the hand writing, the numbering, the signature, and, in fact, all that a person conversant with Exchequer Bills could examine, and I particularly noticed the private marks in the margins of the Bills. Each sheet consists of three Exchequer Bills, and each Exchequer Bill has a different mark to denote from what part of the sheet it has been taken, and I noticed, that putting the three together, they formed a perfect sheet of Exchequer Bills, for they were running numbers, and the private marks were in their proper order; and after examining them in that way, I stated to them that I did not see anything incorrect in the appearance of the bills, and I told them that I thought I knew whose hand-writing was upon the bills, alluding both to the number and the signature; I was more conversant with the number than the signature, because Mr. Perceval had only recently acted as deputy comptroller; the numbers were not filled in by him, but by Mr. Smith. After mentioning that, they asked me whether I meant to say that I thought the hand-writing on them was Lord Monteagle's; I said, no, it was not Lord Monteagle's, that Lord Monteagle's hand-writing was very different from that; that some of the bills were signed by Lord Monteagle, and some by his deputy, Mr. Perceval; that I perfectly remember. Now comes a point on which my recollection is rather imperfect, whether I considered that it resembled Mr. Perceval's hand-writing or not; I know I intended to say that, but they made some observation which prevented my

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proceeding to say it. I said I could not undertake to say whether those bills were genuine or not unless they underwent that full examination which bills underwent when they were brought into our office for payment or exchange.

6591. When you say a full examination, do you mean by comparison with the counterfoils?—That drew from one of the gentlemen the question, whether I meant a comparison with the checks. The answer I made was not only that, but those other checks and examinations that made it quite out of the question that we could pass a forged Exchequer Bill: that was not exactly my opinion upon the subject, but I thought it better, as the gentlemen were strangers, to say so, not having had that inquiry made before.

6592. In point of fact it was not your habit to examine with the counterfoils?—It might be done now and then when there was suspicion, but it was very rarely indeed. I remember saying that we never had been aware that there were forged Exchequer Bills. One of the gentlemen said that their reason for making the inquiry was, that money was to be advanced upon those bills, and that as it was rather a large sum, they wished to know. There was another point on which I thought I could give them information, whether such numbers had actually been issued; and I turned to this book, which belongs to the March payment, and to another book exactly similar belonging to the June payment; this book is in the shape of an index, and gives the numbers of the new bills which have been delivered to the different parties; and at the end of this book there is an abstract in which the different letters appear in one page and the total; and there are always tickets from the Issuing Office signed by the chief clerk annexed to it, and I looked at the tickets in each of those books to see whether those numbers came within the numbers that were on those tickets, and I found that in each case they did so; although they were high numbers, there were other numbers higher.

6593. Those tickets appear to be signed by Beaumont Smith?—Yes; the other book is exactly similar to this; this book was opened before them. It is quite out of the question that they could consider this book a book of counterfoils.

6594. Did they appear to be satisfied with the statement you made?—One of the gentlemen who spoke expressed a good deal of satisfaction at that circumstance. I then repeated that I could not say anything about the genuineness of the bills, but if they wished to make any further inquiry they must go to the Issuing Office; as their hand-writing was upon the bills, they could speak best to it. The two gentlemen seemed rather to consult one with another what to do; one seemed disposed to acquiesce in what had passed, and the other seemed rather inclined to carry the inquiry further; that was all that passed between me and them. The next morning I mentioned the circumstance to two or three gentlemen in the office; Mr. Waterfield was present, and I did not go into the full detail, but I mentioned my private belief that the bills were genuine; but I told them, that exercising caution, I had not pronounced them genuine, but referred them to the next office. I do not know that I thought anything more about this until after the discovery of the fraud, and then it struck me, as these were all 1000*l.* bills, and high numbers, these were probably forged bills, and I mentioned to Mr. Wood, the accountant, the circumstances which had occurred.

6595. Did you learn the names of the gentlemen?—I have since that learned that Mr. Cutbill was the name of one of the gentlemen, and I think Mr. Amesbury, a director of the Bank, was the other.

(*The evidence of Mr. Cutbill on this subject was read to the Witness.*)

6596. Is that a correct account of what passed?—Not exactly as relates to the signature; generally, with respect to those forged bills, they are to be distinguished from the others rather by freedom than their being in a cramped hand.

6597. They report that you said, "The bills are good bills, but, if you are not satisfied, go down to the Issuing Department"?—I most distinctly told them that I could not say whether they were good bills or not. My observations, as far as they went, were favourable certainly.

6598. Were you present at any inquiries in the month of October?—I remember that Mr. Cooper spoke to me very slightly when he came.

(*The evidence of Mr. Cooper on this subject was read to the Witness.*)

6599. You belong to the Exchequer Pay Office?—Yes.

6600. How far does your recollection correspond as to what passed at the office; were the bills declared to be genuine?—Not in our office. All that I recollect is, that when he came back I inquired whether the bills were correct or not; and he said that they were correct, and that it was a great relief to him to hear that they were so, for that he got them from a party in whom he had no very great confidence, and that he feared he might have lost his 2000*l.*

6601. Who said that?—Mr. Cooper.

6602. Do you recollect having seen any other person on the same subject in October last?—I have no recollection of any other circumstance.

6603. Do you remember a gentleman of the name of Keyser calling?—I do not.

6604. Do you recollect any other persons besides Cooper calling on the 22nd?—I know there were several inquiries made after the article appeared in the "Times," but I cannot recollect the days.

6605. What answer did the persons applying receive?—The bills certainly were not pronounced to be genuine, in our office, in any case, and I do not think we professed to examine them; we referred them to the Issuing Department; I remember that we were cautioned to do that.

6606. Do you remember Mr. Pollard, or Mr. Rees, or Mr. Levy calling?—I do not. There were many inquiries even after the examination of the bills, but I was not the party of whom they were made.

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6607. You cannot speak as to any examination before Mr. Bulley or Mr. Perceval?—No, not any of the forged bills. I have examined bills with Mr. Perceval, but they turned out to be genuine bills.

6608. Do you recollect any case when an examination took place before Mr. Bulley and Mr. Perceval together?—No, I do not.

6609. Do you recollect anybody calling to have bills examined on the day Mr. Smith surrendered?—I do not.

[*The Witness withdrew.*]

The Right Honourable *Henry Goulburn,* Chancellor of the Exchequer, further examined.

Right Hon. H. Goulburn.

6610. Do you recollect on any occasion having seen a Mr. Levy on the subject of Exchequer Bills that he held?—I saw Mr. Levy with several other persons immediately after the discovery that forged bills were in circulation.

6611. Had you sent to see Mr. Levy?—I cannot undertake to answer that question; I should rather think not, but I am not positive upon that point.

6612. On that occasion to which you refer, did he bring the bills with him?—He did.

6613. Do you recollect asking him whether he had any objection to leave the bills?—I think I asked him that question in the first instance.

6614. Did he ultimately leave the bills?—He did not. He put them into my hand, and I looked at them for a certain time, and then returned them to him.

6615. He has said that he told you he was going to pay them in; but directly there was the least stir, he said he would not pay them; and that you said, "I think you had better pay them in, but I do not give you any command, you will use your own discretion upon it?"—My recollection of what passed was this: Mr. Levy said that he wished I would take upon myself to pay them in to the funding, and give him a receipt for them, and take the bills into my own possession. I told him I could do no such thing, and that he must exercise his own discretion with respect to his own bills.

6616. You did not say that he had better pay them in?—Certainly not.

6617. You have not said that to any party?—Certainly not. I said to all parties that they must exercise their own discretion in the matter.

[*The Witness withdrew.*]

Mr. *Joseph Nathan* further examined.

Mr. J. Nathan.

6618. Mr. De Berckem has said, and his brother has confirmed his statement, that you proposed a loan to him at 7½ per cent. Is that so?—They wanted a certain amount of money, and I told them that if they wanted such a thing they must certainly go to other quarters, that I could not get it at the rate they wanted. They offered 6½. I told them there was a party that had no objection to lend them the amount for the time, for the three months, at 7½ or 7. I do no know whether it was 7 or 7½, and I then introduced Mr. De Berckem to this party himself.

6619. Were you present?—I was. It was Mr. Simon Samuels.

6620. What passed?—Mr. Simon Samuels said he did not understand why they should wish to get money on Exchequer Bills at such a rate, and Mr. De Berckem then said he had counsel's and judge's opinions upon them. That was the observation he made.

6621. Did De Berckem decline the loan?—Mr. De Berckem said he must send up to the West to know whether that rate of interest would suit the parties, and he ultimately declined it; and I believe the other party declined it also, for it was too late; he said, "I will do it now for I have the money."

6622. Can you state the date of this?—It was in October.

6623. Was it about the time of the discovery of the fraud?—It was a day or two previous.

6624. Was it about the time of the inquiries you made for him?—Yes, it was the same week.

6625. Was it before you called at Masterman's?—Yes, one or two days before.

6626. Did you propose to him that loan at 7½ per cent. before he had applied to you to obtain money at 6 or 6½?—No; he said, "I cannot give such a price, I must send up to the West to inquire."

6627. Did Mr. Henry De Berckem say to you or Mr. Samuels that such extortion would not be submitted to?—No; I had not much communication with him, he came in and out of his brother's office.

6628. Was he present when you made this proposal of 7½ per cent.?—I cannot say; he might have been; he came in and out. They said they must have it on a certain day.

6629. You have stated in your former examination that Mr. De Berckem authorized you to offer 6 or 6½ per cent.?—Yes he did.

6630. Are you certain that he did authorize you to make a positive offer of that?—Yes, he made a positive offer of it; he said, "As high as 6½ you may go."

6631. Mr. De Berckem says that he said, "When you bring me the offer perhaps I shall not entertain it." Did he say that?—No, nothing of the kind; in fact, he would have closed with Mr. Haes for the 6½.

6632. Did he entrust you with the possession of any Exchequer Bills on this occasion?—5000*l.*

6633. Did he entrust you with the possession of any when he was not present?—No, he went with me to Masterman's.

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Mr. J. Nathan.

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6634. Have you had any disagreement with Mr. De Berckem?—Not at all; I have not seen him at all after that morning when he told me he had lost 1000*l.* by my calling on Mr. Haes.

6635. Can you at all fix the day when you were authorized by him to offer 6½ per cent.?—I was authorized to give that to Mr. Haes for 10,000*l.*

6636. Can you state the day?—I do not know whether it was a day or two previous to the first statement in the papers. Mr. Haes then called upon the Chancellor of the Exchequer, and the next morning when I went for an answer, he said, "You had best have nothing to do with this business." It must have been about the 18th or 19th of October, I should think. My observation to Mr. De Berckem was, "Mr. Haes will do it for 6½;" his answer was, "Very well, then, close that;" and when I saw him the next morning, I said, "That is done."

[*The Witness withdrew.*]

Mr. *Henry William Chisholm* further examined.

Mr. H. William Chisholm.

6637. You are a clerk in the Issuing Office of the Exchequer?—I am.

6638. Were you so last year?—I was.

6639. Do you recollect on the 22nd of October, and from that to the 27th, parties calling to have their bills examined?—I was not at the office at that time, I was away for the vacation.

6640. Did you see Mr. Cutbill in July last when he came up to have bills examined?—I saw a person whom I have since understood to be Mr. Cutbill; only one person came into the room where I was.

6641. Will you state what inquiry he made of you and what answer he received?—He came into the room with a parcel of what appeared to be Exchequer Bills in his hand, and asked me in an off-hand way just to look at them and say whether I thought them correct. I looked at them as he held them in his hand; I did not touch them; I had not any doubt about the genuineness of them from the appearance, and I said they appeared to me to be correct. I think he said, "That is all I want." He said that he had come down from the next office; that they had returned them to him, and so he just looked in.

6642. That was all that passed?—Yes.

6643. Was there any other gentleman but yourself in the office?—No, I was alone.

(*The evidence of Mr. Cutbill on this subject was read to the Witness.*)

6644. Do you recollect that that occurrence took place which Mr. Cutbill mentions?—I recollect one person coming into the room; only one person came into the room in which I was.

6645. On that occasion was any such statement made as that those bills were perfectly good?—No, I believe not.

6646. What statement was made by you, or in your hearing?—He asked me just to say what I thought of them. The bills never left his hand. I did not touch the bills. I said, looking at them, "Yes, they appear to me to be correct," or words to that effect. Mr. Blake was not there, and I believe I was alone. Mr. Smith certainly was away; he left the Exchequer on the 14th of July for his vacation.

6647. The description he gives of the office corresponds with your office?—Yes, it does. The counterfoils for the March bills, and I believe all except two of Mr. Cutbill's bills were March bills, were not in the Comptroller's Office at the time: they had been sent up some months before to the Paymaster's Office.

6648. In point of fact, no examination with the counterfoils took place with you?—Certainly not.

[*The Witness withdrew.*]

Mr. *John Karslake Blake* sworn and examined.

Mr. J. Karslake Blake.

6649. Were you a clerk in the Issuing Office in the Exchequer last year?—Yes.

6650. You and Mr. Chisholm and Mr. Smith were the whole officers of the establishment?—Yes.

6651. Mr. Keyser has stated that, on the 22nd of October last, some bills of his were examined in Mr. Smith's office; do you recollect the circumstance?—I recollect the circumstance perfectly.

6652. Who were present in the office?—Mr. Smith and Mr. Waterfield from the Paymaster's Office.

6653. Had Mr. Waterfield accompanied Mr. Keyser from the other office?—Yes.

6654. What inquiry was made by Mr. Keyser?—The bills were produced with the object of their being compared with the counterfoils.

6655. Do you know what the numbers were?—I do not, there was no notice taken; they were compared, and did not coincide.

6656. What answer did you give him?—He was answered by Mr. Smith, that the bills were good bills; that he should say they were good bills.

6657. Did you know Mr. Keyser at that time?—No, I did not.

6658. Have you seen the same person since?—I have.

6659. Do you now know him to be Mr. Keyser?—Yes.

6660. Was there any other occasion but this on which any bills of his were examined in your presence?—None that I am aware of.

6661. Did you make any remark on the subject yourself?—No, I did not to the party.

6662. Did you to Mr. Smith?—No further remark than that I recollect saying, in an under tone to him, I thought from the appearance of the bills they must be good.

6663. What opinion did you form and express upon the subject?—My opinion was that they must be good bills, though they did not agree with the counterfoils.

6664. How could you suppose them to be good bills if they did not agree with the counterfoils?—When I saw his figures and the office stamp upon them I thought they were good; but the responsibility of his telling the parties rested with him.

6665. Was there any other party whose bills were examined in your presence?—Yes, Mr. Hichens's.

6666. Did Mr. Hichens come to the Issuing Office?—Yes.

6667. Was Mr. Smith there then?—Yes, he was.

6668. On what day was this?—Hichens came, to the best of my recollection, on the Thursday, that would be the 21st. Mr. Hichens called before Keyser.

6669. It would appear by his statement to have been on the 22nd; are you certain of the date?—No; I can only say, to the best of my belief, that Keyser was on the Friday, and this was previous to that.

6670. Did you know Hichens at the time?—No, I did not.

6671. Have you seen him since?—I have.

6672. Do you know that he was the party?—Yes.

6673. Who came with Mr. Hichens?—A gentleman from the Exchequer Office. I have reason to believe that that gentleman was Mr. D'Arcy.

6674. Was Mr. Waterfield with him?—No, he was not. I stated, to the best of my belief, formerly that it was Mr. Waterfield; but I believe that was a mistake, and that it was Mr. D'Arcy. I have not a perfect recollection which of the gentlemen it was.

6675. What inquiry did he make?—The object of their coming was to have some bills compared with the counterfoils.

6676. Do you know the numbers?—No, I do not.

6677. Were the bills compared?—Some bills were compared.

6678. Were they March or June bills?—I cannot say positively. I think the small bills were June bills, that is under 1000*l*. Whether the 1000*l*. bills were June or March I cannot say for certain. I am inclined to say they were March.

6679. What number of bills were examined?—I cannot say. To the best of my belief I should say as many as three of 1000*l*: how many small bills I do not know; not many.

6680. Did they correspond with the counterfoils?—The small bills did, but the 1000*l*. bills did not.

6681. What answer did you give to his inquiry?—He was told by Mr. Smith that he should consider them to be good bills.

6682. Did you say anything to that?—I gave to him no answer whatever.

6683. Did you speak to Mr. Smith on the subject?—I have no recollection of speaking to Mr. Smith on the subject.

6684. Though they did not correspond with the counterfoils, was it your impression that they were genuine bills?—Yes, it was.

6685. Was there any other party whose bills were examined in your presence; did you see Sherman?—Mr. Sherman came on Monday the 25th.

6686. Was that the day of Smith's arrest?—Yes.

6687. Did you see Mr. Sherman himself?—I saw him on the Monday morning. He came to our office just after Mr. De Berckem and Mr. Maule had gone away.

6688. Who was in the office when he came?—There was only myself in the room into which he came. Mr. Smith was in the adjoining small room, with the door shut. It was after his confession had been made,—not that I was aware of it at the time.

6689. What inquiry was made?—He had several bills to be compared.

6690. Do you know the numbers?—No. I think he had as many as 15. I compared them all myself, and not one of them corresponded. I told him I could give no answer. I opened the door and informed Mr. Smith and Mr. Wood of the Paymaster's Office, who was with Mr. Smith, that I had compared the bills, and found that they did not correspond, and they told me to tell him that he must wait.

6691. Was that all that passed?—Mr. Sherman was anxious. I told him that I was only in a subordinate situation, and that I could give him no answer, but that I hoped matters would not turn out otherwise than well for him; that was all that passed.

6692. Do you remember Mr. Maubert having come to your office?—No; I do not know the name at all.

6693. Do you recollect any bills having been marked in the corner at your office as good?—No; I never heard of any such circumstance.

6694. Besides the names you have mentioned, were there other persons whose names you do not know who brought bills to be examined?—I am not aware of any persons except those three before the Tuesday.

6695. Do you recollect any persons bringing bills to be examined before the Government published the notice for persons to bring in bills?—I recollect a person coming to the Exchequer of the name of Levy on the 26th, but not to our office.

6696. You do not recollect the examination of the bills of any persons but those whose names you have given from the 22d to the 27th of October?—On Tuesday the 26th, people came down indiscriminately.

6697. Do you recollect Mr. Wolfe or Mr. Rees?—I recollect Mr. Wolfe coming, but I only recollect the name. I could not identify his person; but he came after Lord Monteagle had given directions himself about the comparison. I think he came on the Wednesday.

Examinations.

Mr. J. Karslake Blake.

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6698. Can you state what passed?—According to the regulation which had been made, he gave in a paper specifying the numbers of the bills and his name.

6699. Was that the first day this had come into force?—It was; to the best of my recollection they were compared with the counterfoils by me in the presence of the chief clerk, Mr. Bulley, and Mr. Ottey.

6700. What answer did you give?—To the best of my recollection, Mr. Wolfe had some bills which did not coincide with the counterfoils.

6701. He has stated that two of them were returned as not agreeing with the counterfoils?—That they did not coincide with the counterfoils the answer given, was not that they were bad bills, but that they did not coincide with the counterfoils; that Lord Monteagle's explicit instructions were only to say whether they coincided with the counterfoils or not.

6702. You mentioned that in some of the other cases though the bills did not correspond with the counterfoils, yet your impression was that they were genuine. What reason had you for that opinion?—From seeing Mr. Smith's numbers—from seeing the office stamp; and I certainly thought they had come from the Exchequer plates.

6703. Under those circumstances, the non-correspondence with the counterfoils did not induce any doubt in your mind?—It did not make an impression on my mind at that time, but I did not think about it with responsibility, or speak at all; so far as I thought I was confirmed by Mr. Smith, in whom I certainly had confidence.

[*The Witness withdrew.*]

Mr. *Charles Waterfield* further examined.

Mr. C. Waterfield.

6704. Do you recollect the names of any parties who called to have their bills examined from the 22d to the 27th of October?—It was on the 22nd that Mr. Keyser called at the Exchequer.

6705. Did you see him?—Yes, I did.

6706. State shortly what passed between you and him upon the subject?—I think it must have been on the Thursday or the Friday before the apprehension of Mr. Smith that Mr. Keyser came; it was very late in the day; I think I was the only clerk left in the public room in the Exchequer Bill Office when Mr. Keyser came with several bills in his hand, saying he wished to know whether they were good Exchequer Bills; I told him I could only ascertain from our books whether bills of those numbers and of that date were outstanding. I turned to this book and ascertained that there were such numbers and such dates, but there was one thing struck me as a very singular circumstance; he told me he had advanced money on those bills, the numbers were from 8417 to 8428. I told him it struck me as a very singular circumstance that those bills which had been given by our office to three different parties, Mr. Weston, Mr. Walker, and Mr. Wheeler, should have all come into the same hands; that they should have all come into his possession. Mr. Keyser was very impatient, and said, "That is not the answer I came for, I do not want to be bothered about your books; if you will tell me whether that is Lord Monteagle's signature I shall be satisfied." I said that they were not signed by Lord Monteagle, but that they might be genuine; I went with them and I had them examined with the counterfoils, and never having referred to the counterfoils in my life before, I did not understand much about them, and could not open the place where they were; Mr. Wood showed me which was the right key; then I suppose I took up the June bills—Mr. Keyser's were some March and some June bills—looking to the March counterfoils, and seeing that Mr. Keyser's bills were some of them dated in June, I said, I cannot answer the question here, you must come to Mr. Smith's office with me. I went with Mr. Keyser to Mr. Smith's office, and went into the public room, where Mr. Chisholm and Mr. Blake sat; Mr. Blake was there. On hearing my voice Mr. Smith came out; he said, "What is the matter;" I said, "Here is a gentleman who wishes to have his bills compared with the counterfoils;" he told Mr. Blake to get the counterfoils. I stood at Mr. Blake's elbow; he compared one or two bills, and I was looking over him, he said, "I think they compare very well." I saw that they did not compare very well, but I had no idea at the time there were any forged bills, but there has always been an impression in our office, and Mr. Smith took care that there should be an impression, that his clerks in cutting the bills from the counterfoils were very negligent, and apt to pare the bill, and that was all I suspected that this was a counterfoil which had been cut off afterwards. I said to Mr. Blake, "will you stake your official reputation on the accuracy of those bills," and Smith stepped forward, and said, "I will compare the bills;" he said "You can see this bill has been snipped by the party for the convenience of putting it into his pocket-book; it compares perfectly." Mr. Keyser was still very impatient; he said, "I do not want to know about that; cannot you tell me whether these are good bills, you know the figures?" Mr. Smith said, "I will swear to my figures; I will give you 999*l.* 19*s.* for every one of these bills;" he said, "That is all I want, I have a large dinner-party; why do you keep bothering me with this, that, and the other; give me my bills, and I will be off."

6707. Did anything else pass?—I am not aware that anything else passed; Mr. Keyser left the room before I did. I drew the attention of our accountant, Mr. Wood, to the fact that genuine bills of those numbers had been given to three different parties from our office, and the fact of their being in the hands of one party appeared very strange.

6708. Is there any other person whose name you can mention, whose bills were examined in that period, from the 22nd to the 27th?—I recollect Mr. Sherman coming, that was on the Monday Mr. Smith was apprehended, he came into the Exchequer Bill Office, and said he had heard some strange reports about Exchequer Bills; that he had some and wished to

ascertain whether they were correct. I said, I will take him to the next office, where he might have his bills compared with the counterfoils. He said he did not wish to throw any slur on the party, and he explained the transaction of his taking 7 or 7½ per cent., because he was paying it himself, and that he had received 5000*l.* more bills from the party. I went in with him and left him in Mr. Blake's room to compare the bills; I did not remain there.

6709. Did you say anything to him about his bills being correct or not correct?—No, I did not take them out of his hands.

6710. You did not see him more than once?—I think I saw him afterwards, when he brought up his bills and they were impounded, but not to speak to him.

[*The Witness withdrew.*]

Mr. *Charles Fanshaw Glanville* sworn and examined.

Mr. C. F. Glanville.

6711. What office are you in?—I am in the Paymaster's Office of Exchequer Bills.

6712. Do you recollect a person of the name of Cooper calling with bills to be examined on the 22nd of October?—Yes.

6713. Will you state what passed?—I was told by our accountant to show him to Lord Monteagle's office; at that time we had no suspicion that any forgery had been [illegible] and therefore, as it was not customary for us to examine the bills in the Paymaster's Office, I took him to the Issuing Office. Mr. Blake and Mr. Smith were there, and they examined Mr. Cooper's bills; I merely took him to the Issuing Office, under Lord Monteagle's department, and they pronounced them to be genuine.

6714. Were you present?—I was.

6715. Were there any other persons whose bills you know to have been examined?—Not by me or in my presence.

[*The Witness withdrew.*]

Mr. *Edmund Malony D'Arcy* sworn and examined.

Mr. E. M. D'Arcy.

6716. To what office do you belong?—The Exchequer Bill Office.

6717. You were a clerk in that office last year?—Yes.

6718. In which department, the Issuing or the Paymaster's department?—The Paymaster's.

6719. Do you recollect from the 22nd to the 27th of October any parties calling to have their bills examined?—I recollect two persons, who I afterwards learned were Mr. Hichens and Mr. Harrison coming.

6720. Did you see them both?—Yes, as well as I recollect they were both present.

6721. State what passed with Mr. Hichens?—Mr. Hichens was in Mr. Wood's room when I was called in.

6722. What is Mr. Wood's office?—He is the accountant to the Paymaster's Office; I was called in to examine some bills, and I accompanied them into Mr. Smith's office, the Issuing Office.

6723. Did any examination take place in that office?—That I can scarcely recollect.

6724. Did they receive any answer about the bills in your office?—No, not as to these bills, the counterfoils of them were in Mr. Smith's room.

6725. Do you know the numbers?—No.

6726. Do you know how many there were?—I think, about five.

6727. Did you accompany him to Mr. Smith's office?—I did.

6728. What passed there?—Mr. Smith took the bills and took down the counterfoils to examine them, and declared them to be genuine bills; Mr. Smith then told me that was sufficient, and I left.

[*The Witness withdrew.*]

John Squire, Esq. further examined.

J. Squire, Esq.

6729. Have you prepared the accounts requested of you?—I have brought with me the accounts of the transactions with Mr. Solari.

The same was delivered in and read as follows:—

TABLE I.

Containing an Account of Fifty-two Exchequer Bills of 1000*l.* each, and Eight of 500*l.* each, deposited with Messrs. Ransom and Co. by the late Mr. Angelo Solari during the Years 1836, 1837, 1838, 1839, and 1840, as Security for Loans of Money, and since Redeemed or Exchanged for others, showing the Dates of Deposit, Terms of Loans, Rates of Interest, and Periods of Redemption or Exchange.

Number and description of Bills.	Amount. £.		Date of deposit.	Terms and Renewals.	Rate of Interest.	When redeemed or exchanged.
No account	1	1000	8 June, 1836	For two months	5 per cent.	Redeemed 8th August, 1836.
No account	1	1000	29 June, ,,	For two months	5 ,,	Redeemed 8th August, 1836.
No account	1	1000	29 June, ,,	For three months	5 ,,	Redeemed 8th August, 1836.
8491 to 8494, dated 19th December, 1836.	4	4000	25 Jan., 1837	Term not limited, but ageeed on 25th April, 1837 to be for two months, therefrom and afterwards continued to 26th July.	5 ,,	Redeemed 26th July, 1837.
June 1837. [illegible] 27th	5	5000	28 Aug. ,,	Term not limited, but agreed on 7th November, 1837, to be continued to the end of January, 1838, and afterwards extended to 31st May following.	4 ,,	Redeemed 31st May. 1838.
No account	6	6000	26 Feb. 1838	Term [illegible]	4 ,,	Redeemed 1st June, 1838.
No account	1	1000	23 Aug. ,,	Term not limited	4 ,,	Redeemed 25th October, 1838.
7900 to 7902 and 7906, dates unknown.	4	4000	28 Sept. 1839	to 28 Oct. 1839, 30 days	8 ,,	Exchanged 21st February, 1840 for 9022 to 9025, dated 17th June, 1839, and these exchanged 1st June, 1840, for 7490 to 7491, dated 16th March, 1840; these redeemed 6th March, 1841.
				28 Oct. 1839 to 30 Nov. ,, [illegible]	6 ,,	
				30 Nov. ,, to 31 Dec. ,, 31 ,,	7 ,,	
				31 Dec. ,, to 31 Jan. 1840, 31 ,,	6 ,,	
				31 Jan. 1840 to 29 Feb. ,, 29 ,,	5 ,,	
				29 Feb. ,, to 31 Mar. ,, 31 ,,	5 ,,	
				31 Mar. ,, to 30 April ,, 30 ,,	5 ,,	
				30 April ,, to 31 May ,, 31 ,,	4 ,,	
				31 May ,, to 15 June ,, 15 ,,	6 ,,	
				15 June ,, to 30 June ,, 15 ,,	5 ,,	
				30 June ,, to 15 July ,, 15 ,,	5 ,,	
				15 July ,, to 31 July ,, 16 ,,	4 ,,	
				31 July ,, to 31 Aug. ,, 31 ,,	4 ,,	
				31 Aug. ,, to 30 Sept. ,, 30 ,,	5 ,,	
				30 Sept. ,, to 31 Oct. ,, 31 ,,	6 ,,	
				31 Oct. ,, to 15 Nov. ,, 15 ,,	5 ,,	
				15 Nov. ,, to 30 Nov. ,, 15 ,,	7 ,,	
				30 Nov. ,, to 31 Dec. ,, 31 ,,	6 ,,	
				31 Dec. ,, to 6 Mar. 1841, 65 ,,	5 ,,	
9219, 17th June, 1839 . .	1	1000	30 Sept. ,,	to 30 Oct. 1839, 30 days	8 ,,	Exchanged 1st June, 1840, for No. 7498, dated 16th March, 1840, and this redeemed 6th March, 1841.
				30 Oct. 1839 to 30 Nov. ,, 31 ,,	6 ,,	
				From this period to 6th March, 1841, the rates of interest were the same as on the preceding loan of 28th September, 1839.		
9237 to 9242, 17th June, 1839	6	6000	26 Nov. ,,	to 3 Dec. 1839, 7 days	6 ,,	Exchanged 1st June, 1840 for 7492 to 7497, dated 16th March, 1840, and these redeemed 6th March, 1841.
				3 Dec. 1839, to 31 Dec. ,, 28 ,,	7 ,,	
				From this period to 6th March, 1841, the rates of interest charged as in loan of 28th September, 1839.		
7928, 7929, 7933, 7934, 7964, 8353, 9210, 9247, 17th June, 1839.	8	8000	9 Jan. 1840	Payable on demand, to 31st January, 22 days.	6 ,,	7928, 7929, 7933, 7934, 7964, and 8353 were exchanged 21st February, 1840 for 9026 to 9031, dated 17th June, 1839, and these, together with 9210 and 9247, were exchanged 1st June, 1840 for 7480 to 7487, dated 16 March, 1840, which were exchanged March, 1841 for 8285 to 8292, dated 15th March, 1841.
				From this period to 6th March, 1841, the rates of interest charged as in loan of 28th September, 1839.		
9032 to 9039, 17th June, 1839	8	8000	22 Feb. ,,	Payable at a week's notice from the lenders, to 31st March, 37 days.	5 ,,	Afterwards exchanged for 7472 to 7479, dated 16th March, 1840; of these 7472 to 7474 were exchanged, March, 1841, for 8293 to 8295, dated 15th March, 1841, and 7475 to 7479 were redeemed 6th March, 1841.
				From this period to 6th March, 1841, the rates of interest charged as in loan of 28th September, 1839.		
2167 to 2174, 16th March, 1840.	8 of 500*l.*	4000	31 Mar. ,,	Payable at a week's notice from the lenders; interest from date of loan to 6th March, 1841, charged as in loan of 28th September, 1839.	..	Exchanged March, 1841 for 8296 to 8299, four bills of 1000*l.* each, dated 15th March, 1841.
5972 to 5977, 17th June, 1840	6	6000	23 June, ,,	To 30th June, 1840, 7 days.	5 ,,	Exchanged 5th June, 1841, for 8464 to 8469, dated 15th March, 1841.
				From this period to 6th March, 1841, the rates of interest charged as in loan of 28th September, 1839.		

TABLE II.

Containing an Account of Twenty-one Exchequer Bills of £1000 each, now outstanding; showing the Numbers of Bills, the Dates on which they were deposited with Messrs. William and James Morgan, (Messrs. Ransom and Co's., Brokers,) by Mr. Rapallo, on behalf of Mrs. Solari, as security for loan of Money by said Messrs. Ransom and Co. to the late Angelo Solari, and continued to said Mrs. Solari, his Executrix; the terms of such Loan, Rates of Interest, and Names of the present Holders and Claimants.

Numbers and Issue of 21 Exchequer Bills of £1000. each.	Amount.		Dates of Deposits and Exchange.	Terms and Renewals.	of Interest.	Present Holders and Claimants.
No. 8285 to 8299, 3 and 4 Vict. c. 106.	15	£. 15,000	March, 1841, in exchange for 11 Bills of £1000 each. No. 7472 to 7474, 7480 to 7487, Dated 16th Mar. 1840. and 8 of £500 each No. 2167 to 2174, ditto.	Redeemable on 14 days' notice from Lender to Borrower. Interest 5 per cent. or such other rate as might be current from time to time at Stock Exchange on similar securities.	To 31st March, 25 days, 5 per cent. 31st March to 15th April, 15 day, at 5 per cent. 15th April to 30th April, 15 days, at 4 per cent. 30th April to 31st May, 31 days, at 5 per cent. 31st May to 30th June, 30 days, at 5 per cent. 30th June to 15th July, 15 days, at 5 per cent. 15th July to 31st July, 16 days, at 4 per cent. 31st July to 31st August, 31 days, at 5 per cent. 31st August to 30th September, 30 days, as 5 per cent.	Ransom and Co.
No. 8464 to 8469, 3 and 4 Vict. c. 106.	6	6,000	5th June, 1841, in exchange for 6 bills of £1000 each, No. 5972 to 5977, dated 17th June, 1840,			
		21,000				

J. Squire, Esq.

6730. Were those correctly prepared from your books which have been produced to the Commissioners?—Yes; I made the drafts myself, and those copies I have compared with the drafts.

6731. Do those books contain a correct account of the transactions?—They do. I have also the memoranda which the house took from Mr. Solari when the loans were advanced.

The same were read as follows:—

"This to be continued for 2 months more, from 25th April.

"Messrs. Ransom and Co. "25th January, 1837.

"Be pleased to credit my account with four thousand pounds, and hold as a collateral security for the same the annexed Exchequer Bills Nos. 8491 to 8494, dated 19th December, 1836, each for one thousand pounds, and for this advance I request you to charge me interest at 5 per cent.

"A. Solari."

"Gentlemen,

"I request you to credit my account with the sum of five thousand pounds, and to hold as a collateral security for the same, and for interest thereon at the rate of 4 per cent. per annum, the following Exchequer Bills, which I have deposited with you for that purpose, viz., No. 7391 to 7395, dated the 27th June, 1837, 5 | 1000, 5000*l.*

"A. Solari.

"*Messrs. Ransom and Co.,*
"*Pall Mall East.*"

"London, 28th August, 1837.

"Nov. 7th. To be paid off at the end of January.
"Interest charged to 31 December, 1837, and afterwards to 31 May, 1838."

"Messrs. Ransom and Co. having agreed to advance me 4000*l.* for one month from the date hereof, at the interest of 8 per cent. per annum, I have deposited the accompanying Exchequer Bills, Nos. 7900, 7901, 7902, and 7906, each of 1000*l.*, as a collateral security there against.

"London, 28th Sept., 1839.

"To be continued for a month, from 28 Oct., at 6 per cent.
"Interest charged to 30 April, at 5 per cent.
"Do. to 31 May, at 4 per cent.

"A. Solari.
"Interest charged to 28 Oct.
Do. to 30 Nov. (6 per cent.)
Do. to 31 Dec. (7 per cent.)
Do. to 31 Jan. (6 & 5 per cent.)
Do. to 29 Feb. (5 per cent.)
Do. to 31 March (5 per cent.)

"N.B.

"No. 7900, 7901, 7902, 7906	£. 4 | 1000 exchanged for	"No. 9022 to 9025 dated 17 June, 1839.	£. 4 | 1000

"For 7488 to 7491.

16 March, 1840. 21st February, 1840.

Examinations.

J. Squire, Esq.
24th June, 1842.

"1st June, 1840.
"Interest charged to 15th June, at 6 per cent.
Do. to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 August, at 4 per cent.
Do. to 30 Sept. at 5 per cent.
Do. to 31 Oct. at 5 per cent."

"MESSRS. RANSOM AND Co. having agreed to advance me 1000*l.* from one month from the date hereof, at the interest of 8 per cent. per annum, I have deposited the accompanying Exchequer Bill No. 9219, 17 June, 1839, 1000*l.*, as a collateral security for the same.

"London, 30 Sept., 1839.

"To be continued for a month from 30th Oct., at 6 per cent.

"Interest charged to 30 Oct. "A. SOLARI.

"Interest charged to 31 January, at 6 and 5 per cent.
Do. to 30 Nov. 6 per cent.
Do. to 31 Dec. 7 per cent.

"Turn over.

(*On the back of the above.*)

The above bill exchanged for 7498, 16 March, 1840.
1st June, 1840.
Interest charged to 31 May, 1840, at 4 per cent.
Do. to 15 June, at 6 per cent.
Do. to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent."

"MESSRS. RANSOM AND CO.

I REQUEST you to credit my account with six thousand pounds, which I undertake to replace in one week from this 26th day of November, 1839, together with interest thereon, at the rate of 6 per cent. per annum, and as a collateral security for the same I deposit with you the following Exchequer Bills No. 9237 to 42, dated 17th June, 1839, for one thousand pounds each, being six in number.

A. SOLARI.

Interest charged to 3 Dec. (6 per cent.)
Do. to 31 Dec. (7 per cent.)
Do. to 31 Jan. (6 and 5 per cent.)
Do. to 29 Feb. (5 per cent.)
Do. to 31 March (5 per cent.)
Do. to 30 April (5 per cent.)
Do. to 31 May (4 per cent.)

Turn over.

(*On the back of the above.*)

Interest charged to 15 June, at 6 per cent.
Do. to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent.

The above bills exchanged for others.
7492 to 7497, 16 March, 1840.
1st June, 1840.

A. SOLARI."

MESSRS. RANSOM AND Co. having agreed to advance me 8000*l.*, payable on demand, I have deposited the accompanying Exchequer Bills as a collateral security for the same.

A. SOLARI.

7964, 7933, 8353, 7928, 7929, 7934, 9210, 9247 — 17th June, 1839.

Interest charged to 31 Jan., at 6 and 5 per cent.
Do. to 29 Feb., at 5 per cent.
Do. to 31 March, at 5 per cent.
Do. to 30 April, at 5 per cent.
Do. to 31 May, at 4 per cent.
Do. to 15 June, at 6 per cent.
Do. to 30 June, at 5 per cent.

Pall Mall East, Jan. 9, 1840.

Interest charged to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent.
21st February, 1840.

No. 7964, 7933, 8353, 7928, 7929, 7934 } 6 | 1000, dated 17th June, 1839, exchanged for No. 9026 to 31, dated 17th June, 1839.

N.B. The above six Exchequer Bills were exchanged by me this day for eight others, and also 9247 and 9210, 7480 to 7487, 16 March, 1840.
June 1st, 1840.
A. SOLARI."

"MESSRS. RANSOM AND Co. having this day advanced me the sum of eight thousand pounds on loan, I have deposited the accompanying Exchequer Bills, viz., Nos. 9032 to 9039, dated 17th June, 1839, eight bills of 1000*l.* each, as security for the repayment of the same, with interest at the rate of 5 per cent. per annum. The above amount to be repaid by me at one week's notice, when required by Messrs. Ransom and Co.

London, 22nd Feb., 1840.

Interest charged to 31st March, at 5 per cent.
Do. to 30 April, at 5 per cent.

A. SOLARI.

N.B. The above eight Exchequer Bills exchanged for eight others, 7472 to 7479, 16th March, 1840.

A. SOLARI.

Interest charged to 31 May, 1840, at 4 per cent.

(*On the back of the above.*)

Interest charged to 15 June, at 6 per cent.
Do. to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent.

"MESSRS. RANSOM AND Co. having this 31st March, 1840, advanced me the sum of four thousand pounds upon the security of the following Exchequer Bills, viz., No. 2167 to 2174, each for five hundred pounds, dated the 16th March, 1840. I hereby undertake to repay the same, together with interest, at the rate of 5 per cent. per annum, upon receiving seven days' notice so to do.

A. SOLARI.

Interest charged to 30 April, at 5 per cent.
Do. to 31 May, at 4 per cent.
Do. to 15 June, at 6 per cent.
Do. to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent.

"Pall Mall East, 15 June, 1840.

IN consideration of Messrs. Ransom and Co. having advanced me the sum of three thousand pounds, to be repaid them in one fortnight from this date, I have deposited with them the sum of 3900 French Napoleons, as a colateral security for the same.

A. SOLARI.

Memorandum made 23rd June, 1840.

Messrs. Ransom and Co. having lent me three thousand pounds upon the security of 3900 French Napoleons, deposited with them on the 15th instant, and having also lent me this day the further sum of three thousand pounds, upon the security of three Exchequer Bills for 1000*l.* each, No. 5972 to 5974, dated the 17th June, 1840, I engage to repay this last sum of 3000*l.* so lent upon receiving fifteen days' notice so to do, together with interest thereon, at the rate of 5 per cent. per annum.

I have also this day deposited with the said Messrs. Ransom and Co. three other Exchequer Bills for 1000*l.* each, dated the 17th June, 1840, and numbered 5975 to 5977, in lieu of the above-mentioned 3900 French Napoleons this day withdrawn from their possession.

A. SOLARI.

Examinations.

J. Squire, Esq.

24th June, 1842.

£3000 lent 15th June.
3000 lent 23d June.

£6000 with interest at 5 per cent. from 23rd June.

Interest charged to 30 June, at 5 per cent.
Do. to 15 July, at 5 per cent.
Do. to 31 July, at 4 per cent.
Do. to 31 Aug., at 4 per cent.
Do. to 30 Sept., at 5 per cent.
Do. to 31 Oct., at 5 per cent.

Mr. *Squire.* I have also the agreement with Mrs. Solari, on the death of Mr. Solari.

The same was read as follows:—

" Messrs. RANSOM and Co., Pall Mall East.

" I REQUEST you to continue on my account the advance of thirty-seven thousand pounds which you made to the late Angelo Solari, on the following Exchequer Bills now in your hands, viz.—

No. 2167 to 2174, dated 16th March, 1840,	8/500*l.*	.	£4,000
„ 7472 to 7487 „ „	16/1000*l.*	.	16,000
„ 7488 to 7498 „ „	11/1000*l.*	.	11,000
„ 5972 to 5977, 17 June, 1840 . . .	6/1000*l.*	.	6,000
			£37,000

And I hereby undertake to pay you interest on such advance, at the rate of five per cent. per annum, or such other rate as shall from time to time be current at the Stock Exchange upon moneys advanced upon similar securities.

" I also undertake to redeem all or any part of such sum of thirty-seven thousand pounds so advanced, upon your giving me fourteen days' notice so to do. And on failure of either of those conditions, I hereby authorize you to sell the afore-mentioned Exchequer Bills, and out of the proceeds thereof to repay yourselves the said thirty-seven thousand pounds, and such interest as may remain due to you from me for the loan thereof.

" Executrix to the late
" Mr. Angelo Solari,
" E. SOLARI.
" 2*d March*, 1841.

" £16,000, paid off 6th March, 1841, viz., No. 7475 to 79 and 7488 to 98 } 16/1000

" No. 7472 to 74, 7480 to 87 } 11/1000
2167 to 74 8/500 } £1500 exchanged—March, 1841, for the following Bills, viz., No. 8285 to 99, dated 15 March, 1841.

" No. 5972 to 5977, 17 June, 1840, exchanged for No. 8464 to 8469, 15th March, 1841, 6/1000, 5 June, 1841."

Mr. *Squire.* I have also brought a copy of a letter we addressed to the Chancellor of the Exchequer immediately on the discovery of the fraud, and his answer; and also a letter which we received from Lord Monteagle, calling on us to give up the bills, with our answer, assigning the reasons why we did not, under the advice of our solicitor.

The same were read as follows:—

" Pall Mall East,
27th October, 1841.

" SIR,

" WE beg to acquaint you that in the year 1836, the late Mr. Angelo Solari opened a banking account at our house, and from the following year, down to the time of his decease in 1841, was in the habit of occasionally obtaining loans from us on the security of Exchequer Bills, which loans were punctually repaid at the periods agreed upon. After his decease, his widow and executrix desired us to continue the loan which then remained, being 37,000*l.*, which we accordingly agreed to, down to March last, when she redeemed 16,000*l.*, leaving 21,000*l.* In the same month she withdrew 15,000*l.* of these, and deposited in lieu thereof fifteen other bills, No. 8285 to 8299, dated 15th March, 1841; and in June following she withdrew the remaining 6000*l.*, leaving in lieu of them six other bills, No. 8464 to 8469, also dated 15th March, 1841. In consequence of the reports lately circulated, we have this day caused these last-mentioned twenty-one bills to be examined at the Exchequer Bill Office, and have received for answer that they are bad ones. Since Mr. Solari's decease the amount of the interest upon the loan has been paid into our hands, on Mrs. Solari's account, at the end of every month, according to the market rate of interest, varying from 4 to 5 per cent, by Mr. Rapallo, a man well known in the city, whom she represented to us to be her late husband's friend, and to whom she entrusted the management of her affairs. We think it right to lay these circumstances before you without loss of time, and to offer our assistance in bringing to light the origin and purpose of these apparently duplicate issues."

" Downing Street,
October 29, 1841.

" GENTLEMEN,

" I HAVE to acknowledge the receipt of your letter of the 27th instant, and to express

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my thanks to you for the communication and for your offer of assistance in developing the origin of the fraud which has been committed by the fabrication of forged Exchequer Bills, and I beg to assure you that should I, in the progress of the investigation now going on, have occasion for your services, I will not fail to avail myself of your offer.

"I have the honour to be,
"Gentlemen,
"Your very obedient Servant,
"HENRY GOULBURN."

"Exchequer,
28 October, 1841.

"GENTLEMEN,

"I HAVE received the directions of the Chancellor of the Exchequer to detain at this office all instruments presented to me purporting to be Exchequer Bills, and found on comparison not to correspond with the counterfoils, and with respect to such as, being already compared, have been found defective in this particular, to apply to the several parties by whom such bills have been presented, and to whom they were delivered, directing them to return the same to me on obtaining from me a receipt for the same.

"As it appears that the bills, the numbers of which are subjoined, were returned to you under the circumstances contemplated in the directions of the Chancellor of the Exchequer, I have to request that you will bring in the instruments in question at as early an hour to-morrow as is practicable, and you will receive my receipt.

"I am,
"Gentlemen,
"Your obedient servant,
"MONTEAGLE.

Messrs. Ransom and Co.,
1, *Pall Mall East.*

Numbers.	Description.	Date.
"8464		
8465		
8466		
8467		
8468		
8469		
8285		
8286		
8287		
8288		
8289	£1000 each—3 and 4 Vict., c. 106, for £10,751,550—15 March, 1840."	
8290		
8291		
8292		
8293		
8294		
8295		
8296		
8297		
8298		
8299		

"Pall Mall East,
29th October, 1841.

"MY LORD,

"WE beg to acknowledge the receipt of your Lordship's letter of yesterday's date, informing us that certain Exchequer Bills sent by us for examination had been compared with the counterfoils, and said not to agree, in consequence of which you further request us to deliver up the said bills into your possession; but with that proposal we beg your Lordship will excuse us for the present from complying, though in the mean time we shall be most ready to afford every facility in our power, by allowing any persons authorized by your Lordship to examine them whenever you direct; but having already furnished the Chancellor of the Exchequer with full particulars in writing of the said bills, we do not, under existing circumstances, see the necessity for parting with the securities themselves, until we ascertain what further steps it may be necessary for us to take in the affair.

"We have the honour to be,
"Your Lordship's obedient servants."

"*To Lord Monteagle.*"

6732. Do you produce the 21 instruments purporting to be Exchequer Bills?—I do.

(*The Witness delivered in the same.*)

6733. Will you state the nature of your dealings with Mr. Solari by which the 21,000*l.* bills which appear in the schedule under your name, and which you have now produced came into your possession?—In 1840, Mr. Solari obtained from us several loans on the security of Exchequer Bills, amounting in the whole to 26,000*l.*, (including 3000*l.* on the security of French Napoleons afterwards exchanged for Exchequer Bills), for which he was charged as before, 5 and 4 per cent., (with the exception of 6 per cent. for 68 days and 7 per cent. for 15 days), according to the market rate. In the month of October in this year he died, leaving 37,000*l.*

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unredeemed, for which his widow and executrix paid us during the ensuing five months, from 4 to 5 per cent., (except 7 per cent. during the short period of 15 days, and 6 per cent. for 31 days), according to the market rate. In March, 1841, Mrs. Solari having taken out probate of her husband's will, we called upon her to reduce our advance to about one-half of the 37,000*l.*, and she accordingly paid off 16,000*l.*, leaving a balance of 21,000*l.*, for which we charged her from 4 to 5 per cent. down to the 30th September following, after which, no more was paid. It may be noticed here, that at the time when very large rates of interest are lately said to have been offered by certain parties for loans on Exchequer Bills, we were receiving, and had during the preceding six months, received from Mrs. Solari only from 4 to 5 per cent. It may also be remarked, that neither Mr. Solari nor his executrix ever once stipulated, or even expressed a wish, that the identical bills which they deposited, might be returned when the loans should be paid off. On the 26th October, in consequence of the rumours then afloat, we took the before-mentioned 21,000*l.* Exchequer Bills to the Exchequer Bill Office to be examined, when they were declared to be spurious. On the following day, we wrote to the Chancellor of the Exchequer on the subject, and received his answer on the 29th. It was Mr. Solari's invariable practice, when any of the bills in our possession were advertised, to come in person and take them away, leaving others in their place of a more recent date. After his decease, the exchanges were made in like manner, through our brokers, Messrs. Morgan, by Mr. Rapallo, as Mrs. Solari's agent. The last exchange was made in June, 1841, when the bills dated in June, 1840, and then advertised, were exchanged for others, dated in March, 1841, which are now in our possession. I wish to make one observation on the rate of interest which appears in the account, namely, that the high rate of interest charged in 1839, (8 per cent.) was owing to the extreme scarcity of money; the Bank of England not then lending at all upon Exchequer Bills, and charging 6 per cent. upon bills of exchange. On the Stock Exchange, loans were at this time made, as we have been informed, and verily believe, at 8 per cent. on Bank stock, and 10 per cent. on India stock, as can be easily proved; and we are acquainted with an instance where a first rate banking-house is said to have paid 7 per cent. to an eminent bill broker, for a loan at this period on Exchequer Bills, which we also verily believe. I have a letter from Mr. Solari, showing that he had great influence in the Brighton Railway Company; whether he was a director I cannot say.

The same was read as follows:—

"GENTLEMEN,

"The Brighton and London Railway Company, (without a tunnel), have had a dispute with a litigious person who has attached their funds in the hands of a City banker, they are therefore desirous of placing their floating balance in the hands of some other bankers until the termination of the dispute. I have therefore recommended them to open an account with your firm, in the names of Sir John Thomas Claridge, Francis Graham Moore, Esq., and Jonathan Clark, Esq., who will forward their signatures to you.

"I am, Gentlemen,
"Your's obediently,
"A. SOLARI.
"London, January 11th, 1837.

"*Messrs. Ransoms and Co.*"

Mr. *Squire.*—That representation was afterwards confirmed by a transaction, and I consider it important, as showing his connexions, that when we saw him connected with such men as Sir John Claridge and Mr. Clark, and others, we could not doubt his respectability. I have also letters he wrote, requesting letters of credit on the Continent, and one for 100*l.* in favour of Mr. Rapallo. I produce these to show that we were not merely lenders of money on Exchequer Bills.

The same were read as follows:—

"Moira Chambers,
"29/9/37.

"GENTLEMEN,

"WILL you oblige me in sending to me an order upon your correspondent in Paris, to pay to Mr. J. Bonnet, seventy-seven pounds, 12/ & 4., 77*l.* 12*s.* 4*d.*, and in expectation to be favoured with it,

"I remain, Gentlemen,
"Your most obedient Servant,
"A. SOLARI

"77*l.* 12*s.* 4*d.*
"A. S.

"*Messrs. Ransom and Co.*"

"Moira Chambers,
"12/10/37.

"*Messrs Ransom and Co.*
"GENTLEMEN,

"Please to give me a letter of introduction to your correspondent at Boulogne sur Mer, in favour of Mr. E. Rapallo, to the extent of 100*l.*

"Your most obedient Servant,
"A. SOLARI."

" Moira Chambers,
" 3/9/38.

" *Messrs. Ransom and Co.*
" GENTLEMEN,

HERE enclose the letter which you have been pleased to grant for Boulogne and Paris to Mrs. Solari. I beg you will charge my account with 100*l.*, which she has received in the two different places. She is returned last night.

" I remain, Gentlemen,
" Your most obedient Servant,
" A. SOLARI."

" GENTLEMEN, " London, October 5th, 1838.

" Please to honour the drafts of Mr. Edward Colmache to the extent of 50*l.* on my account.

" A. SOLARI.

" *Messrs. Ransom and Co.*"

6734. Did you lend on any security but that of Exchequer Bills?—With the exception of the 3900 Napoleons, the loans were on Exchequer Bills.

6735. When was that loan on Napoleons?—In 1839, I think it was, at a time when money was very scarce.

6736. Was the period of the 8th of June, 1836, mentioned in the account, the date of your first transaction with Solari?—The first transaction was the payment of 1490*l.*, which I mentioned in a former examination; the date of that was on the 9th of May, 1836.

6737. Was there any other transaction intervening between that and the 8th of June, 1836, when the first transaction in Exchequer Bills took place?—There were transactions; he drew 11 drafts before we made this advance on the notes, the first of which was on the 10th of May. On the 10th of May he drew out 310*l.*

6738. What portion had he drawn out before the 8th of June?—About 1100*l.* out of the 1490*l.*

6739. Will you state the date of the first introduction of Solari by Morgan, who you stated had introduced him?—It must have been, I have no doubt, in May, 1836.

6740. Will you endeavour to recollect, as precisely as you can, what Morgan said on the occasion of that introduction?—He told me he had been introduced to him; he did not say by whom; that they had had several transactions with him, and had bought several sums of stock for him, and had found him a very punctual man; and they believed him to be a very respectable man.

6741. Did they say how long they had known him?—I do not recollect that they said that.

6742. What governed the rate of interest from time to time between you and Solari?—The rate of interest on the Stock Exchange, except when it was merely 5 per cent., that was the common rate of interest; but on most occasions, or several, he did at that time say I shall be glad to borrow so and so, and I shall be glad to pay whatever the rate of interest may be. We have inquired the rate of interest in the Stock Exchange, and have charged him that rate. Latterly he has come and said, "Well, I shall be glad to borrow so and so, and I shall be happy to pay you whatever is the rate of interest at the time." And our practice was to inquire, through our brokers, William and James Morgan, what the rate of interest had been for the month; it might vary. They have two settlements in the foreign accounts; for the first 15 days it might be 5 per cent. for the next it might be 4, and the next 7, and so on; whatever was the current rate on the Stock Exchange he used to pay.

6743. It was not governed by the rate at the Bank of England?—No, the rate was always that of the Stock Exchange, the two differs so much; there are two money markets, the Commercial Money Market and the Money Security Government Market, and there may be a great difference between the two.

6744. This was on Government security?—Yes. I have known as much as 2 per cent. between the two, and I have known large sums shifted from one to the other on account of the great difference; and I have known the interest vary very materially even the same day.

6745. Does not the interest which is taken by the Bank on Exchequer Bills govern in some degree transactions of this kind at a time when the Bank is making advances on Exchequer Bills?—No, because their loans on Exchequer Bills are only during the shutting of the Funds.

6746. At the time they were making advances it would?—Yes, because if they ask more at the Stock Exchange persons go to the Bank; it would have an influence at that time, and that might tend to regulate it.

6747. At the time when the Bank books were closed, the interest of the Bank would regulate the rate?—Yes.

6748. And that would appear upon your books?—Yes.

6749. Was there any written memorandum of the transactions from time to time on the terms of the loan?—Yes, those I have given in. Sometimes the interest was fixed at the time; sometimes it was not fixed, but left open, that the rate of interest might be afterwards fixed on inquiry made. I have handed in all but two; those two I cannot find; but those I think related to loans on promissory notes, when we did not take a written memorandum.

6750. Do you know whether it is usual for bankers to keep all the memoranda in those cases or not?—It is always desirable to keep them. I think we should have objected to give them back if he had asked for them; but he never did.

6751. Did Solari confer with you personally after September or October, 1839?—Several times with me, and several times with my partner.

6752. Was not he ill during the last period of his life?—Yes. There are very few trans-

Examinations.

J. Squire, Esq.
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actions in the account during one period, and I account for that by the circumstance of his having been very ill. When he came to me, on his recovery, to exchange some bills, he said he had been very ill; that he had been at death's door.

6753. Had you transacted business with Mr. Solari at all during his illness?—No, I do not recollect that we had.

6754. Did you transact business with Rapallo during his illness?—No, we did not transact business with Rapallo till after his death, and then they were not directly with Rapallo. I used to leave a cheque at our brokers for the monthly interest, whatever it might be; that was paid by our city bankers; but I do not know that he ever came to the banking-house.

6755. Was it by his hand the loan was paid off after Solari's death?—After Solari's death it was done through our brokers. We gave them the bills, and they were handed to Mrs. Solari, or her agent.

6756. Is an account like this on Exchequer Bills quite in the usual course of transactions, frequent loans continued for considerable periods at the rates of interest here put down?—I apprehend it is; it is usual with us.

6757. There is nothing in this account differing from accounts you have had with other parties?—We have had no regular accounts with other parties of a similar nature, except for short periods, when a man has come and borrowed on promissory notes and deposited Exchequer Bills, or anything of that kind.

6758. The question is, whether loans on Exchequer Bills, at the rates of interest here set forth, were in the ordinary course of business?—I conceive so.

6759. Is there any other customer with whom you have carried on similar transactions?—No; we used to do it through our brokers; they have found customers on the Stock Exchange. We have frequently lent considerable sums on Exchequer Bills, we not knowing who the borrower was; the person so borrowing would have no account with us.

6760. Had you had an account of that description with any individual before?—I think there must have been several; but I do not call them to mind just now, which shows they must have been few.

6761. Generally speaking, would it not be more advantageous to a party to raise money by the sale of his Exchequer Bills, than to deposit them in that way?—No. It turns out that those men were speculators. Then a man might want money on his Exchequer Bills for a period; even at that rate of interest he might speculate on a rise, and say, It will be more for my advantage to keep my stock for a time, when I hope it will be higher; then, when the stock rises, I may sell and redeem the bills. We go to our broker, wanting 20,000*l.*, saying, We having bills coming due in a few days for twice that amount, and it answers our purpose better to borrow on those 20,000*l.* Exchequer Bills, and to pay the money, than to sell those bills. We must otherwise go into the market and purchase, and run the risk of the difference of premium in the repurchase.

6762. Does not that depend a great deal on the length of time during which the loan is continued?—Yes, it does certainly depend a good deal upon that.

6763. It never occurred to you to make any observation on that subject to Solari?—No, and for this reason: the possession of an Exchequer Bill is a perfect sedative to a banker. I have been in business upwards of half a century, and never knew anything go wrong in Exchequer Bills, except in the case of Aslett; that was only a purloining of Exchequer Bills. That was the only detected occurrence in Exchequer Bills for 50 years; and the possession of an Exchequer Bill for 1000*l.* was equal in my mind to the possession of a Bank note; and whether brought to me by Solari or any other person, I felt a perfect security in lending upon them; in fact, we always gave them the preference, considering the security so good.

6764. Is it usual for an individual to have so large as command of them as Solari would appear by this account to have had?—I remember remarking on one occasion to Morgans', "Mr. Solari appears to have a very large command of Exchequer Bills." They have said, "Oh, we have made the same remark, and he says, he has a very rich friend. 'Some of the money is my own, but the bulk of it belongs to a friend who is a very rich man but does not choose to act personally.'" That was the answer they gave to my remark of the extent of those loans on Exchequer Bills.

6765. Nothing occurred at any time to excite suspicion in your mind respecting the parties?—Not the slightest; if there had we should have called in our money at once. We were receiving only 4 and 5 per cent., and if we had had the slightest suspicion we should have called them in. There were six months open to us to do so.

6766. After Solari's death, did Rapallo ever apply to you for any further advance of money?—Never; I do not think he was ever in our house.

6767. You were probably not on visiting terms with Solari?—Oh, dear no.

6768. Had you a personal acquaintance with him?—No.

6769. Do you know his place of residence?—We had it in our books; it was somewhere over the water I think, somewhere at Camberwell, or Newington, or somewhere in that neighbourhood.

6770. You know nothing of the appearances he kept up and his apparent establishment?—Nothing whatever.

6771. You referred on your former examination to the deposit of 16 bills. Your statement was that upon your going to Messrs. Morgans' and telling them that your Exchequer Bills had been examined at the Exchequer Bill Office and declared to be bad. Mr. Morgan reminded Rapallo, who was present, that he, Morgan, held some Exchequer Bills belonging to Mrs. Solari?—That was upon my asking him whether he could not, on the part of Mrs. Solari, produce some collateral security; then it was that Mr. Morgan interfered.

6772. Are you certain that was the statement made by Mr. Morgan, that those bills had

been examined at the Exchequer Bill Office by his clerk, and were declared to be good and genuine bills?—That was the substance of it.

6773. Are you sure he said they had been examined at the Exchequer Bill Office?—I am quite sure of that.

6774. Are you certain that he mentioned by his clerk?—I am not quite sure of that.

6775. Are you certain that he said they had been declared to be good and genuine bills?—Yes.

6776. He did not merely say that they were consecutive with others that had been?—I think he mentioned others consecutive in the hands of other parties.

6777. Did his statement refer to others consecutive to those having been examined or to those identical bills?—I understood the identical bills, but I understood that a portion had been examined by him, and another portion by another person, and that he took for granted as those which had been examined were genuine, all the others as well as those must be genuine.

6778. He inferred that those that were not examined were genuine, because those which had been examined were genuine?—Yes.

6779. Are you quite certain of that?—Yes.

6780. His statement was that those identical bills had been examined at the Exchequer Bill Office?—That is what I understood.

6781. Did you understand that one of them, No. 7065, belonged to another person, a gentleman of the name of Anderson?—No; I heard nothing of that.

6782. Had Cook anything to do with that No. 7065?—Not that I know of. I received it from Mr. Morgan.

6783. Was Mr. Cook present when you received it?—I think he was not present in the office when I was speaking to Mr. Morgan and Mr. Rapallo, but in the adjoining office.

6784. Nothing was said respecting that bill as distinguished from the other bills?—No, nothing at all.

6785. You said on your last examination, "This was on or about the 27th of October;" can you fix the date more precisely?—I believe it was the day after our bills were examined at the Exchequer-Bill Office, which appears to have been the 27th.

6786. Did Mr. Morgan express any opinion as to whether the bills in general which he had been concerned with were genuine?—I do not recollect that he said a word to that effect on the occasion alluded to. I remember his stating in general conversation on a previous occasion that he had said to Mr. Rapallo, "Why, Mr. Rapallo, what is all this hubbub about Exchequer Bills?" "I do not know. I can only say, if you have any doubt about them, you had better take them down to the Exchequer-Bill Office and get them examined; and I wish you would do so."

6787. Was that conversation with Morgan before the paragraph had appeared in the newspaper?—I think not.

6788. You have stated the circumstances under which you made those advances; had you ever entertained any idea or suspicion before this fraud became publicly known that those bills were not genuine, or had been improperly obtained?—Not the slightest; on the contrary, we had the utmost confidence in them; indeed, I fancied it would be impossible for a forged Exchequer Bill to pass through my hands without being detected; and I have the same feeling with regard to a Bank note. If I had a Bank note put into my hand, I should not hesitate whether it was genuine; and so with reference to the printing, numbering, and stamping, there was something in the general appearance of them which led me to believe they were genuine. I can see no difference between those I have now given up and those I have left; no one ever thought of looking at the signature.

6789. Those remarks do not apply to the point of misappropriation; no suspicion of that kind occurred to your mind?—Not the slightest; on the contrary, the letters I received, and the general conduct of the man when he came to the office, were those of a gentleman, and a man without any pretensions, coming and saying, "Well, gentlemen, have you any objection to this going on any longer? I owe so much; if you have no objection I will take away the Exchequer Bills, and bring you others; but if you have any objection I will put an end to it, and get it in the City." He never pressed us; but that was, I presume, part of his system to allay suspicion.

6790. Is it usual to renew loans on Exchequer Bills?—Oh, yes, very often; we have done it frequently through our brokers.

6791. Do you mean where you have lent money?—Yes.

6792. Through your brokers, Messrs. Morgan?—Yes.

6793. How long had Messrs. Morgan acted as your brokers?—I should think 20 years at least, and very much to our satisfaction down to this period. Of course we thought it right to suspend them, when these rumours were afloat, till their character was cleared; but they were always exceedingly punctual and exceedingly attentive. We had another broker, Mr. Bodder; but Messrs. Morgan did the bulk.

6794. Did you do Exchequer Bill transactions through Mr. Bodder?—No, and for this reason; he was not a man of any connexion in the Stock Exchange; he was a very good man to buy or sell, but he knew very little of the money market. The others were in communication with the very first persons on the Stock Exchange, Hichens's for instance. I believe most of our loans went through Hichens's hands; they used to be borrowing and lending on Exchequer Bills to a very great amount every day.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'Clock.*

Examinations.

Mr. W. M. Simonds.
25th June, 1842.

SATURDAY, 25th June, 1842.

The EARL of DEVON in the Chair.

Mr. *W. M. Simonds* further examined.

6795. You stated on your former examination that you had had a communication from Mr. Mollett that certain Exchequer Bills were about to be due, and to the question whether he should send them up to be exchanged, you say you told him you would let him know, and you applied to De Berckem and asked what you should do about the Exchequer Bills, whether you should send them up, and he said, "Oh! I will not give you the trouble; I have some others which are becoming due, and I will send and exchange them?"—Just so.

6796. If he had assented to your proposal that you should send them up, would he have had, under those circumstances, to deposit any additional securities or value with you?—Of course I should not have parted with the Exchequer Bills without my money.

6797. The question you put to him was, whether you should send them up?—If I had sent them up I should not have parted with them, then I should not have expected to have had additional security; but if I had given them to him I should have expected additional security. Perhaps I may be allowed to make an observation. I understand he had some difficulty in getting up particular Exchequer Bills. I beg to say there never was a stipulation with me that I should not part with the Exchequer Bills I held, otherwise they would have been no security at all; he might have thought, perhaps, that they would naturally come back.

[*The Witness withdrew.*]

Mr. *Ernest Rapallo* further examined.

Mr. E. Rapallo.

6798. It appears by the statement of Messrs. Morgan, Mr. Mariner, Messrs. Price, and Messrs. Ransom, that the whole of the 365 bills referred to in the schedule, and also 12 bills now outstanding that have been referred to the Commissioners, were received by them from you. Have you any reason to doubt the accuracy of that statement?—No.

6799. Do you know the precise number in the whole?—I do not; I believe it will be found in my accounts.

6800. Had all those been received by you from Mr. Smith?—Yes.

6801. Did Messrs. Morgan and Mr. Mariner hand over to you, upon the whole, the full amount of the Exchequer Bills you placed in their hands, deducting what they paid for you for losses, and deducting the interest which you paid—the money you paid on redemption and the commission?—Yes.

6802. Did Messrs. Morgan and Mr. Mariner deliver to you, from time to time, an account of the Exchequer Bill transactions?—Yes.

6803. Was it an account of each transaction as it occurred, or on account of several transactions together?—Of every separate transaction.

6804. Can you produce any of those accounts?—They are to be found in my papers.

6805. They were among your papers when they were last in your possession?—Yes, as far as my belief goes my place was so small, as I stated before, I had only one table, I was sometimes positively obliged to burn all those documents which I thought to be of no use.

6806. Did Mariner hand you notes in the form of that now shown to you (*a broker's note, produced by Mr. Mariner, being shown to the Witness*)?—Yes.

6807. Were they signed by Mr. Mariner?—No, they were always signed by myself; he used to give me an original contract with Mr. De Berckem in the form of that now produced.

6808. Were the accounts delivered by Mr. Mariner of precisely the same description—would those be the same with Mr. Morgan's?—With Mr. Morgan I was in the habit of settling every fortnight.

6809. Were the accounts delivered to you from time to time by Mr. Morgan of that description?—It was a mixed up thing with Messrs. Morgan. They never delivered me the account separately of the Exchequers; the form in which Messrs. Morgan used to act was to settle with me every fortnight.

6810. They delivered to you accounts of so many transactions as might be included within the fortnight?—Every fortnight there was a settling in the Foreign market. They used to put down every transaction in the market, and to add the interest on the Exchequer Bills.

6811. Did they include the interest on the Exchequer Bill transactions, as well as on the stock transactions?—No, I was never charged a commission on the Exchequer Bill transactions.

6812. You say that Messrs. Morgans' account never contained any charge for commission on the Exchequer Bill transactions, looking to the account now in your hand, was that the case with the accounts delivered to you by Mariner?—Yes.

6813. That does contain a charge of interest on an Exchequer Bill transaction, interest and commission one half; does not that refer to the Exchequer Bill transactions?—I never to my knowledge paid one single half-penny of interest on the Exchequer Bills as commission to them.

6814. You say you are not aware that you ever paid any commission; you perceive the broker's note delivered to the Commissioners by Mr. Mayo contains a charge of interest and commission?—Their forms are different, according to the transactions; this, as it appeared to me the moment I saw it, is in the way in which they used to deliver my accounts.

6815. Do you still think that it is in the way in which they used to deliver their accounts?—Yes.

6816. Then did they not contain a charge of commission as well as interest?—I never was aware that they charged me a single halfpenny for commission.

6817. You have said that you received all those bills from Beaumont Smith, did you ever advance money on any of the Exchequer Bills, or give value for them to him?—I gave him from time to time what he required.

6818. The produce of the bills?—Yes.

6819. Except the produce of the bills, which you say you from time to time partly accounted for, did you yourself ever make any advance of money upon them, or give any value for them to Beaumont Smith?—I never did.

6820. Have you any claim whatever on any of the bills referred to in the Act of Parliament?—Certainly not.

6821. It appears from the broker's ticket given in by Mr. Mayo that there is a half per cent. commission charged, are you still certain that you were not aware of that charge?—I always heard them say that they had a good deal of trouble from these transactions, and that they got nothing by them.

6822. If they had a good deal of trouble from the transactions, and got nothing by them, what did you understand to be their inducement for conducting the transactions?—It was the larger transactions I used to do with them in the stock.

6823. You have referred to the fact of bills with the wrong rate of interest having passed out of your hands, and being delivered by you to Mariner, did you afterwards deliver to him bills corresponding with those with a right rate of interest?—Yes, I did.

6824. Were those new bills, or the same bills with the error set right?—They were new bills, the wrong ones were destroyed.

6825. Were they bills corresponding with the former ones in number, or how?—I am not aware.

6826. Were those new bills you delivered received immediately from Beaumont Smith?—Not quite immediately, they were delivered in about a week.

6827. They had passed through no hands but Beaumont Smith's and yours?—No.

6828. Whether they were the same numbers you cannot recollect?—I cannot precisely state, but if I were to charge my memory I should say they were not the same numbers.

6829. Did Mariner or De Berckem ever talk with you on the subject of bills overdue in the hands of the persons with whom they were deposited?—Yes.

6830. What passed between you upon that subject?—It was my request that they should induce the party to hold the bills back until I should either pay them or exchange them.

6831. Did they ever apply to you in cases where the party proposed to take the bills up himself to the Exchequer Bill Office to be exchanged, to know whether you would allow that to be done?—I think they did.

6832. You think that that has occurred; have more instances than one occurred?—I do not think more than one.

6833. You think there was an instance in which they made an application to you on the subject of the proposal, made by the party with whom a bill was deposited to take it up?—Yes.

6834. What answer did you give?—I said I was bound to show to the party that I did not negociate them, that I did not put so many into circulation as they might suppose, and it was always my purpose with them that they should return me the bills, because if I could not get the bills I might run the risk of having the agency taken from me; I wished to show that I did not borrow money on so many.

6835. Did this instance you refer to occur with respect to Messrs. Morgan or with respect to Mr. Mariner?—Mr. Mariner.

6836. It appears that 16 bills were delivered in your presence to Mr. Squire on the 28th of October last; what passed on that occasion?—I do not know that anything particular passed, except that I gave the bills and they returned me the others.

6837. Where did this take place?—In Mr. Morgan's office.

6838. Who was present?—It was in the presence of Mr. Cook, Mr. William Morgan, and I am not quite sure but what Mr. James Morgan was there.

6839. State what passed, as nearly as you can remember, upon the subject; what was said?—It was understood that I should on such and such a day give fresh bills to have the others returned to me. Mr. Squire brought them into the City, and I received the old ones and gave him the new.

6840. Do you mean that the 16 bills were not delivered at the office when the conversation took place?—Yes; they were delivered to me.

6841. There were 16 bills delivered by Messrs. Morgan to Mr. Squire, in your presence, on that day?—I gave them to Messrs. Morgan, and they delivered them to Mr. Squire.

6842. Did you give them to Messrs. Morgan at that particular time, or had you given them to them before?—I believe it was at the very time that very morning.

6843. Did you get back the 16 bills from Mr. Squire at that time or afterwards?—I believe he delivered them to me.

6844. Who proposed that the 16 bills should be delivered to Squire in exchange for the others?—I believe there was no proposition. I requested Mr. Morgan to try to keep back so many bills, and he told me he had induced Mr. Squire to do so, and I should have a week either to discharge the bills or to exchange them according to the time that was appointed. I brought to them the new bills and they delivered me the old ones.

6845. The question refers to a transaction on the 28th of October last, when you were at

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Mr. Morgan's office with Mr. Squire, and when Mr. Morgan delivered to Mr. Squire 16 bills by your authority. The Commissioners have before them the letter? (*The letter produced by Mr. William Morgan, signed E. Rapallo, was read to the Witness.*)—That is quite another transaction.

6846. Had you on a former occasion met Mr. Squire and Mr. Morgan together?—Never on any transaction of Exchequer Bills.

6847. What were you referring to?—The transaction was when Messrs. Ransom kept back the bills that I had not the means to discharge, at Mr. Morgan's request.

6848. On that occasion you, and Morgan, and Squire were not together?—No.

6849. Will you state what passed on the occasion to which this letter refers?—The occasion was this: that Messrs. Ransom had sent the bills to be examined at the Exchequer Office, and they were declared bad. I said to Mr. Morgan, "Well, I have some other bills."

6850. Were you present that time?—No. I said "I have some other bills," and therefore I gave them.

6851. State what passed during the time when you were present. When you came to Morgan's office who was there?—I believe we went up stairs into a private room. Mr. Squire was very much astonished, and of course I expressed the same astonishment myself; and it was agreed that I should give fresh bills and take back the others.

6852. Who proposed that?—I believe Mr. Morgan proposed that.

6853. State what else passed?—I gave them the fresh bills.

6854. Did you get back the bills he held?—I believe I left them all in their hands.

6855. Did Squire produce any bills, in lieu of the 16 he received, either to you or to Morgan?—No.

6856. How came that to be the case if the 16 were given him only in exchange for others?—That was quite another transaction.

6857. Were those 16 given in lieu of 16 of the 21 which he held, or were they given as additional security to hold altogether?—No, they were not given as additional security.

6858. If they were given in exchange for 16 of the 21 he then held, how did it happen that the 21 were not produced?—I did not deliver the bills to Mr. Squire myself, I gave them to Mr. Morgan, but not in the presence of Mr. Squire. I had not the bills with me.

6859. Do you mean that the 16 bills in question were not delivered to Mr. Squire in your presence?—No, not on that occasion.

6860. What more passed in your presence?—Nothing more than that I consented to give 16 other bills.

6861. Nothing more passed between you and Mr. Morgan on this subject before Mr. Morgan made this proposal?—Nothing except a great astonishment.

6862. Nothing had passed between you and Mr. Morgan before Mr. Morgan made this proposal?—No, I think not.

6863. For the making that proposal he had been previously authorized by you?—Yes.

6864. What had taken place between you and Mr. Morgan on the subject?—It was the request of Mr. Squire, I believe, that I should give 16 other bills.

6865. Was that request of Mr. Squire communicated to you before Mr. Squire?—No.

6866. There had been a communication to you by Mr. Morgan before you saw Mr. Squire?—I recollect that Mr. Morgan, myself, and Mr. Squire went up into a private room together.

6867. Before that, had you had any conversation with Mr. Morgan on the subject?—I believe he requested me, if I would, to make the exchange; that he asked me whether I could make the exchange; then Mr. Squire came in at the time.

6868. Did he tell you his motive for making that proposal?—Yes, I believe he did.

6869. What reason did he state?—He said that the bills had been sent; I do not know whether to the Exchequer Office or declared by the Bank of England to be bad; that they would not take the bills for any stock they had bought, and that if I would give other bills, of course they would take them, they thinking that the others would be genuine.

6870. In whose possession were the bills at that time, when this passed between you and Mr. Morgan?—They were in mine.

6871. The whole 16?—Yes.

6872. What did you say in answer to Mr. Morgan's proposal?—That I would give fresh bills; but I was in such a confusion at that time that I cannot recollect perfectly what passed.

6873. Did Mr. Morgan state to you any reason, or was any reason mentioned between you why those 16 bills should be handed to Mr. Squire in exchange for those which he held which had been declared bad?—The reason was that the Bank of England refused to deliver the stock, or to transfer the stock into Messrs. Ransom's name, because they would not take the bills they had for the consideration.

6874. What motive did Mr. Morgan state, or did he state any reason for wishing 16 of your other bills to be handed to him instead?—There was no reason in particular, except that the other 16 might be of a different character.

6875. Do you know anything of Mr. Morgan's having sent Mr. Hichens five bills to be examined at the Exchequer Bill Office?—I was told so.

6876. By whom?—By Mr. Cook.

6877. Do you know anything of that, except as far as it was stated by Mr. Cook?—No, I know that upon the strength of that they delivered me the following day 16,000*l.* Spanish.

6878. You said on a former occasion that, independently of the liabilities on the Exchequer Bills, you were solvent; what property have you, and in what does it consist?—I have brought an estimate as far as I could make it out (*delivering in the same.*)

The same was read as follows:—

"The box contains—

Spanish Active, Ditto Passive, Mexican Bonds, Colombia Bonds,	Mr. Bush has a list of the amounts.

"Various shares, which costs a very large amount, but now of no value.

"A suit in France against Messrs. Ouvrard, Textoris, (Agent de Change,) and others, for the recovery of about 10,000*l.*, which transaction was done at my request by Mr. F. De Berckem, who gave a power of attorney to a gentleman in Paris to act, and who had brought the suit nearly to a close; and the parties finding they must pay, they took advantage of my position, wrote to Mr. De Berckem to withdraw his power, which he did on the 15th instant.

Household furniture, plate, &c., about	600*l.* or 800*l.*

My Liabilities.

Mr. Rochas, about	600*l.*
Mr. Peacock, about	400*l.* or 500*l.*
Mr. Godwin, about	400*l.* or 500*l.*
Mr. Oakley, about	200*l.* or 300*l.*
Liable to a suit now pending of the Commercial Steam Company	1400*l.*
Mrs. Lowcock (my wife's mother), money borrowed . . .	250*l.*
My solicitor's bills.	

6879. By the box, do you mean the box now in the possession of Mr. Lefroy?—I do.

6880. Was a list of the contents of that box made by Mr. Bush?—Yes.

6881. What do you estimate to be the value of the contents of that box?—If Mr. Bush has got the list of the amounts I can make a calculation of the value in five minutes. I was advised by many on the discovery taking place to remove the box from my bankers, which I declared I never would (*a list was shown to the Witness.*) This is the list which was made by Mr. Lefroy and Mr. Bush.

6882. Is the property, whatever it is to which you now refer, contained in that box?—Yes, it is.

6883. The Commissioners can see what is in the box?—That would be the best course. Here is a mention of Spanish stock. I cannot tell by this list whether it is active or passive. I think it would be best to ascertain what it is first. The best way would be to have the box brought here. I should request that that box might be conveyed into the power of the Commissioners.

6884. Is there more than one box?—There was a small one, which contained no value. I have a letter which shows that 200 and odd shares of the "Anti Dry Rot Company," in the name of a Mr. Ireland, are mine. There might be some other trifling matters of which I am not aware.

6885. Is that second box also in the possession of Mr. Lefroy?—Everything.

6886. Is there a bag besides?—I am not aware of anything but the boxes.

6887. You have put in the schedule of your property various shares which cost a very large amount, but now of no value. Where are those shares?—There are a good many in that very box, and there are a great number in the hands of Messrs. Morgan. There are 1000 or more, I believe, in the hands of Mr. Waller, and there are also some in the hands of Mr. Mariner.

6888. All your property?—Yes.

6889. Have those persons any lien of any kind upon those shares?—No, not at all.

6890. In what company were the shares?—Chiefly in the "Patent Coal Company." In fact, I believe, they have no others.

6891. Do you know what they cost?—I believe I have got to the amount of better than 7000*l.* in that Company.

6892. How much did the whole of the shares to which you refer cost?—They cost 20,000*l.*

6893. The shares you have in the box of that description, together with the shares in the hands of the persons you have mentioned, cost originally how much?—20,000*l.*, those alone.

6894. Besides the Spanish and Columbian stock, and so on?—Yes. There are besides the "Anti Dry Rot" and the "Asphalte" and there were shares of the "West Cork Mining Company," and a lot of things Mr. Solari got into, for which he advanced blindly, for he bought shares at 50*l.*, and they are not worth one halfpenny.

6895. You were understood to say they were of all of one description?—Besides those of that description there are the shares in the West Cork Mining Company, the Asphalte, and Claridge's, and all sorts; those in the hands of those persons to whom I have referred are of the "Patent Coal Company."

6896. The next article of property you describe is a suit in France against Messrs. Ouvrard for the amount of 10,000*l.*, to whom was the power given in Paris to act for you?—A power of attorney was given by Mr. De Berckem to a friend of mine who came to England at the time of the name of Bonnet.

6897. Was he the person who conducted the suit for you in Paris?—Yes, in the name of Mr. De Berckem.

6898. It was not in your name?—No.

6899. Was the subject of the suit your property?—Yes.

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6900. But the action was brought in his name?—Yes, as he was the person who went to Paris to do the transaction.

6901. Was that on a contract made by De Berckem?—A transaction done in the stocks in France?

6902. A transaction by him on your account?—Yes.

6903. The business was done by Mr. Textoris?—Ouvrard; I afterwards employed him.

6904. Who was the party against whom the suit was commenced?—Ouvrard, in the first instance, and Textoris. It became a complicated thing. Monsieur Ouvrard was a friend, and I gave him all the transactions to conduct for my agent in France; when he returned, the stock fell; I was for a fall, and between the money Mr. De Berckem took to Paris and the profit I made, it came to about 10,000*l.*, Mr. Ouvrard took the money and began to speculate on his own account, and he wrote me a correspondence, perhaps of 70 or 80 letters in which there was not one word of truth. Mr. De Berckem was very indignant as well as those acquainted with the transaction; my friend, Monsieur Bonnet, came to England at the time, and I asked Mr. De Berckem, as it was in his name, to give a power of attorney to Mr. Bonnet to act against Ouvrard. It appears that Mr. Ouvrard showed Mr. Bonnet he was imposed on by Mr. Textoris and another gentleman, and it was agreed that the agent of Mr. De Berckem (Mr. Bonnet) should act in aid with Mr. Ouvrard to prosecute Mr. Textoris. The fact was, that the Court of First Instance gave a verdict exonerating Mr. Textoris and placing all the blame on De la Girondière who was not worth anything.

6905. Where does Mr. Bonnet live?—In Paris, No. 24, Rue D'Arcole.

6906. Is he an advocate?—I believe he is a merchant.

6907. You say the suit was brought nearly to a close?—Yes, it was to be tried before the Correctionale on the 22nd of this very month, when Textoris, La Girondière, and Ouvrard found they were obliged to answer before the Criminal Court; they induced a banker in Paris, an intimate friend of Messrs. Robarts, to make Mr. De Berckem withdraw his authority; thus distressing Monsieur Bonnet, after having worked for 16 months, without any notice, or my being consulted to withdraw the power of attorney was an act Mr. Berckem cannot justify.

6908. Did you claim 10,000*l.* in that suit?—I did.

6909. Do you consider that sum justly due to you?—I do; I wrote to Mr. De Berckem to prevent his doing so, when I had intimation of it, and also to Mr. Mariner, but never had any answer.

6910. The last article you put down is "Household furniture, plate, &c.;" where is that?—It is in No. 8, Springfield, in the Wandsworth Road.

6911. Where did the money come from with which those bonds you refer to were purchased?—The Exchequer Bills.

6912. The shares?—Everything.

6913. The household furniture?—Everything.

6914. Had the 10,000*l.* you speak to, anything to do with the Exchequer Bill transactions, or did that come out of them at all?—It is all from the Exchequer Bills.

6915. The list you have put in contains the whole of your property?—It does.

6916. Have you besides that any debts due to you?—No; I may have a few bills in the hands of Mr. Lefroy, but nothing of any consideration at all, not perhaps 60*l.* or 70*l.* bills of exchange which were dishonoured in some petty transaction or another.

6917. What does your liability to Mr. Rochas arise on?—On differences in foreign stock.

6918. Mr. Peacock?—The same.

6919. Mr. Godwin and Mr. Oakley the same?—Yes.

6920. What is the nature of the suit pending by the Commercial Steam Company against you?—It is a suit that Mr. Cottrell, of Throgmorton-street, has to defend for me, an exorbitant demand by the Company for the hiring of the boat for the Prince Napoleon.

6921. Were you agent in that matter for the Prince Napoleon?—I was.

6922. Did you act in any other capacity for him?—No; excepting some money transactions; I used to receive money for him.

6923. When did your connection with Prince Louis Napoleon begin?—Two years before he left this country, it was in 1840 he left, it must have been about 1838 when it commenced.

6924. That would of course have no reference to the Exchequer Bill transactions?—Not at all, except that I lost immensely through his failure.

6925. How were you introduced to that connexion?—Through a countryman of mine who is now in prison in France as a political prisoner.

6926. What is the latest period at which any of the stock was paid for of which the papers are now in the boxes?—I should say some time previous.

6927. Was any large amount of stock paid for a few day before the 25th of October?—No; there was stock paid in this way, that previous to the discovery taking place, I had bought a quantity of stock which I had in my possession, but when the discovery took place, my object was to redeem as many Exchequer Bills as I could, all the stock I had I was obliged either to sell or to borrow money on, and all the money I received from the party, I borrowed the money of or sold to I gave to discharge the Exchequer. I was determined to have the Exchequer discharged, but I said to the party, either Morgan or Mariner, "In consequence of what has taken place I will not touch one," so that I left the bills I had actually discharged, a very large amount, and they got the bills fully into their own possession.

6928. Through whom did you redeem the bills to which you now refer?—Through Mr. Mariner as well as Mr. Morgan.

6929. What amount of money which was raised on the last lot of Exchequer Bills came to your hands?—I should think about 40,000*l.* passed through my hands to discharge the bills.

6930. Did all the money which was raised upon this last occasion pass from you to anybody else and to whom?—It was for the purpose of paying for the stock, and I did pay for the stock.

6931. Through whom did you make this payment?—It was no payment; I paid through various channels for the stock I had bought, then I was obliged to make use of that stock when the discovery took place to redeem as many of the bills as I could; I should think it went through almost all my brokers for it was through them all that I was full of stock.

6932. Did the money pass through your bankers?—Some part of it.

6933. Which bankers?—I never did any transaction with Messrs. Price to any amount, it was always with Messrs. Robarts; every farthing of the money I received was paid to Mr. Mariner from the last transaction in the Exchequer in order to discharge the bills. I gave up the same Bank notes, if it was Bank notes, or the cheques, I believe it was to the extent of 50,000*l.* or 60,000*l.*; I never appropriated the value of one farthing.

6934. Can you state what was the date when that passed into Mariner's hands?—I should think it was between the 15th of October and the 25th of October.

6935. Have you any further information to give to the Commissioners respecting the property produced by the loans on Exchequer Bills?—I just recollect that about the time of the discovery, Mr. Mariner had in his possession belonging to me about 150,000*l.* passive stock paid for, and 30,000*l.* or 31,000*l.* Columbia bonds also paid for, which he told me he was obliged to give Mr. De Berckem as a collateral security.

6936. Was that property which, as the account then stood, you considered as belonging to you?—Yes.

6937. Not subject to any lien on their part?—Not at all.

6938. In a former examination you spoke of a variety of shares of which Solari was possessed at the time of his death; you have said they are all in existence?—They are.

6939. What has become of them?—They are chiefly in my box.

6940. It appears that Mrs. Solari gave you a power of attorney to act, in what way were you to act?—I was to act as her agent, having taken the administration.

6941. Had you not a power of attorney?—No, it was merely a letter; she gave a letter to Messrs. Price and also to Messrs. Ransom. I am not aware whether she ever gave one to Mr. Mariner.

6942. Was any property the produce of Exchequer bills handed over to Mrs. Solari as executrix?—No.

6943. What interest had Mrs. Solari in those operations after her husband's death?—She had interest, I used to supply her with what money she wanted.

6944. Did you from time to time make her payments of money?—Yes.

6945. Was all that money, whatever it was, the produce of those Exchequer Bills?—It was.

6946. Is Mrs. Solari living now?—She is.

6947. Is she in England?—No; I believe she is at Boulogne.

6948. Is there anything else that you have to communicate to the Commissioners upon the subject of these transactions on Exchequer Bills?—I am not aware of anything else.

6949. Mr. Lefroy holds that box to which you have referred as your solicitor?—He does.

6950. Do you wish that the Commissioners should open it and see its contents?—I should wish that the box and the property should be in the power of the Commissioners. Mr. Bush can hold it afterwards; I will give him a power to do so, I will give Mr. Lefroy authority to give it up.

6951. Have you any objection to give a written authority?—Certainly not.

6952. Have you any means of stating from what parties in particular the moneys came with which the stock and the other property now in your box was purchased?—It is impossible to state that.

Mr. Rapallo read over and signed an authority to Mr. Lefroy, to deliver up certain boxes and papers to Mr. Bush as solicitor for the Commission.

[*The Witness withdrew.*]

Mr. *William Morgan* made the following statement:—

Mr. W. Morgan.

I have been thinking of the question put to me about offering Spanish stock to Hichens. I remember that I did say to him "You can have Spanish stock for every Exchequer Bill you have," considering that our friend had the stock we had delivered originally, that supposing that they were bad bills the stock was with him to represent the bills, not knowing that the money was of that description. It appears I should have been disappointed.

6953. Do you now recollect at what precise date this took place?—This was very early; I think it was about the 22nd or 23rd of October; the 22nd of October I should think.

6954. Was it so late as that?—Yes.

6955. Where did it take place?—I think it was at Mr. Hichens's office, and with Mr. Harrison, not with Hichens; I think it was with Mr. Harrison. Mr. Hichens might be there very possibly.

6956. It was at Mr. Hichens's office?—Yes.

6957. What did you go to his office for?—To say that it was very surprising that this report should be in circulation, and it was about the time that we were about to examine bills. I think it was about the 21st. I said, "If you go to the Exchequer to examine the bills and are not satisfied I can give you some Spanish we have got; we will return the bills to our principal

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for the Spanish we have taken for him from time to time, that he must have to a considerable amount." I conceived he had deposited with his rich friends the Spanish taken for the Exchequer Bills, that was my conception. Solari always told me he had a rich friend that assisted him in the speculation, and I considered that he had deposited this Spanish stock for the Exchequer, and I thought by applying to Rapallo we should get the Spanish by giving up the Exchequer, but it was a delusion.

6958. You went to his office to make this proposal?—I went to his office to speak of the thing generally, the rumour.

6959. What was the precise object with which you went to his office?—I think it was what we had seen in the "Times" newspaper.

6960. Did that paragraph in the newspaper to which you refer relate to the high rate of interest which had been taken on Exchequer Bills?—No; it related to the circumstance with regard to spurious Exchequer Bills. I do not know what the term was that gave the alarm.

6961. Was that on the occasion of the first paragraph that appeared in the "Times" newspaper?—Yes; it was on that occasion.

6962. On that day you went into Mr. Hichens's office?—Yes; we were backwards and forwards.

6963. You made this proposal?—Yes; I said, "We have got some Spanish stock by us, and as far as that goes I am very willing to exchange it for any bills you have, you can return the Exchequer for the Spanish."

6964. Were you in the habit of calling at his office?—No; it was only this occurrence that brought me there; we were all in the greatest consternation in the Exchequer Bill market, not that we considered there was anything wrong in our Exchequer particularly, and when he went afterwards to examine the Exchequer we were quite set at ease, and he was perfectly satisfied too.

6965. You were asked on a former occasion about 5000*l*. Exchequer Bills which you delivered to Mr. Hichens to be taken up to be examined. It appears by statements before the Commissioners that your son, Mr. Edward Lloyd Morgan, called on him with those Exchequer Bills?—Yes; he did.

6966. Did not you state that that was done at your office?—Whether they were taken from our office or from his office I cannot be certain?—But you now think that Mr. Edward Lloyd Morgan called upon him with those bills?—Yes.

6967. Was that by your instructions?—Yes.

6968. What passed between you and Mr. Edward Lloyd Morgan upon the subject?—I do not recollect that anything passed.

6969. What instructions did you give him?—If he had instructions it was to take the bills to him. I thought I had given them to Mr. Hichens at our office, but Edward seems to think that he gave them to Mr. Hichens at his office.

6970. You have talked to Mr. Edward Lloyd Morgan on the subject since your examination?—Yes.

6971. What was your motive in giving those 5000*l*. bills to Mr. Hichens to be examined?—Mr. Hichens had not any bills himself. Says I, "I have got 5000*l*. worth of bills coming from the same party; if they are good they must be all good, and I will send you 5000*l*. of those bills." I believe I offered him twenty, fifteen others and those 5000*l*., but he said "No, five will do just as well as twenty;" then it must have been that I sent those five I suppose by Edward to Mr. Hichens's office.

6972. Do you mean that you had a conversation with Mr. Hichens on the subject before Edward Lloyd Morgan took them?—Yes; I had first a conversation with Mr. Hichens, and had offered him 5000*l*. we had by us to examine them, and if they proved right I was satisfied all the rest were.

6973. What was your object in handing them to him?—To get them examined, to satisfy his mind that they were all good; he held a great many.

6974. Did you know when you handed him those 5000*l*. bills that he was going to take up bills to the Exchequer Bill Office, did he state that to you?—No, he did not; he said he had none of mine to take.

6975. How came you not to take up those bills yourself to the Exchequer Bill Office?—He had a great many other bills, and I thought it more satisfactory that he should go himself.

6976. You were desirous to satisfy him, and that was the motive for that course of proceeding?—Yes; entirely so.

6977. What was your motive for proposing to deliver the 15,000*l*. or 16,000*l*. Exchequer Bills to Squire?—Believing they were good bills, and that there must be some mistake, I did not know what it was; but I said I believe we shall have these 15,000*l*. surplus, and they are consecutive numbers to the bills which they have had examined.

6978. What bills were they that had been examined that were consecutive with those?—I do not know exactly; the 5000*l*. and the 14,000*l*. of Keyser's making 19,000*l*., and 2000*l*. of Cooper's were all examined I understood.

6979. Were they all examined before you gave those 5000*l*.?—No, it was after, I think.

6980. What were the numbers that were consecutive with those that had been examined at the time of this transaction?—The 5000*l*., the 14,000*l*., and the 2000*l*.

6981. Were there any bills in your hands that had been examined except the 5000*l*. at that time?—No, not that I held in my hands.

6982. There were no bills that you held in your hands that had been examined at that time except the 5000*l*.?—No.

6983. At the time you delivered those 16 bills to Squire, what bills had you in your hands

that had been examined at the Exchequer Bill Office?—There were none in my hands but the 5000*l.*

6984. At the time when you delivered those bills to Squire, had Keyser's bills been examined?—Yes.

6985. What were the others?—Cooper's 2000*l.*

6986. Any others?—No.

6987. Were you aware at that time that Keyser's and Cooper's had been examined?—Oh, yes, certainly.

6988. Which of those bills you delivered to Hichen's, or Keyser's, or Cooper's were consecutive with the 16 you delivered to Squire?—I am sure it is drawn out at home, but I cannot recollect the numbers.

6989. Do you mean to say that the 16,000*l.* you delivered to Squire were consecutive with some of those parcels?—Yes, I mean to say that the 21,000*l.* tested were some of them consecutive numbers.

6990. Were those 21,000*l.* consecutive or not with those 16,000*l.* bills you delivered to Squire?—I believe they were consecutive, but I do not know but I can bring the particulars.

6991. On the 28th of October which way was the account between you and Rapallo?—I think it was 1213*l.* 13*s.* he owed us on account of Exchequer Bills, all the other account came afterwards; all the other items came from the differences.

6992. When you gave up those 15 or 16 bills to Squire did you get back bills from Squire in exchange?—No, he did not give us bills in exchange.

6993. Did you make this proposal to give up the 16 in consequence of anything which had previously passed with Rapallo?—No, I had no previous communication with Rapallo; he was sent to while Mr. Squire was there.

6994. Before you made the proposition to Mr. Squire had anything passed between you and Mr. Rapallo in private?—Oh dear no, I did not see Rapallo.

6995. You did not propose to give up the 15 bills in consequence of any previous authority from Mr. Squire?—No, it originated with Mr. Squire; I thought those bills were good from the examination.

6996. After the death of Solari, for whom did you consider Rapallo to be acting?—For the said friend of Solari.

6997. Did not you say on a former occasion that you considered him as acting for Mrs. Solari?—Yes, and Mrs. Solari for that rich friend.

6998. When you introduced Solari to Ransom and Co. in 1836, did you say that you had bought stock for Solari?—I am sure I do not know; I do not think I did say so; I had advanced him money upon Exchequer, but I do not think we had bought stock. If it was in 1836, I could not have said so. I really forget now how I introduced him. He said he wanted to pay some little cash at the west end of the town, and he wished to have a banker there; he asked me whether I could recommend him one; I could not recommend to him any other than our own.

6999. Did you on that occasion say to Mr. Squire that you had bought stock for him?—Oh dear no, I said nothing about stock.

7000. In point of fact you had not bought stock for him?—I had not bought stock for him; the first transaction was the 1500*l.* on 2000*l.* Exchequer.

7001. Were you acquainted with the nature of the business Solari was carrying on at that time?—No, I was not, not the least.

7002. Do you know where he lived?—No, I never knew his house, nor ever knew his office, in fact.

7003. Do you mean that you did not know his office till the time of his death?—No, nor Rapallo's; it was Hichen's solicitor pointed it out to me. I knew it was in Angel-court, and we walked up and down till he spied the name on the door.

7004. When did you introduce Solari to Jones Loyd, and Company, was it before the introduction to Ransom?—Oh no, it was after.

7005. How long after?—I think it was some time after, but I cannot exactly tell.

7006. What statement did you make upon that occasion to Jones Loyd and Company?—That there was a personal friend of ours that wanted to open a cash account with them; that we had done some business with him in advances on Exchequer; that he was, we believed, very respectable, for he dealt in nothing but Exchequer. "Very well," said Loyd, "he may open his account."

7007. That was all that passed?—Yes.

7008. Did you introduce him to any other bankers?—No; I recollect being rather offended at Squire taking my customer from me, advancing money on Exchequer; when I heard he had advanced him 20,000*l.* on Exchequer, I said I have given a stone to break my own head; I was very jealous of it, for we were always wishing to have Exchequer. Solari would always offer us Bank notes; if it was not convenient to take the Exchequer we never declined them.

7009. Did you ever know any person except Solari and Rapallo bring Exchequer Bills at the frequent periods which appear upon your accounts, borrowing money upon them, and never bringing them for sale?—Yes, on loan.

7010. Without ever selling?—Certainly, bankers do not sell them.

7011. At periods so frequent as those stated on the face of this account?—No, not altogether.

7012. Did any other person except Solari and Rapallo ever place in your possession at once so many as 60,000*l.* Exchequer?—Bankers have.

7013. Did any individual?—No, not any individual.

7014. How often has any banker done it?—Bankers do it as they may want it.

Examinations.

Mr. W. Morgan.

25th June, 1842.

7015. How often has any banker done it with you in the course of the last five years?—Fifty times I should think.

7016. Will you mention any one banker who has done that?—It is not fair, I should think.

7017. The Commissioners feel it necessary to put the question?—Messrs. Ransoms have.

7018. Within that period?—Yes, within two years.

7019. What is the highest amount in Exchequer Bills that any individual, except Solari or Rapallo, ever placed in your hands at one time?—I cannot say; ours is a mixed business; we have had 15,000*l.* or 20,000*l.* at a time from an individual.

7020. Can you mention the name?—No, I cannot at this moment. A friend of Cook's we had some from; I do not know whether it was not Bell and Steward, or whether it was to purchase I cannot say. I know there were 15,000*l.* or 20,000*l.*?

7021. Bell and Steward were in the habit of laying out their money in Exchequer Bills?—Yes.

7022. They had money to lay out, not only on their own account but on the account of clients?—Yes, they were friends more particularly of Cook's, though I knew their connexions very well. Mr. Consitt was my particular friend, and Mr. Whitton.

7023. Did any person except Solari or Rapallo ever borrow so much on Exchequer Bills as 15,000*l.* outstanding at one time?—No.

7024. What has been the utmost amount ever outstanding in any other case at one time?—Not more than 10,000*l.* or 15,000*l.*, unless the 50,000*l.* at one time to which I have referred. Mr. Squire has lent us 50,000*l.* on these immediate bills of Rapallo's. He knew where they came from; there was no secret at all in it.

7025. Were you ever aware of a case of any bills of Rapallo's which bore a wrong rate of interest?—No; I think I recollect Cook's naming it.

7026. When was that?—I think it is about a year and a half ago when the interest was altered. Mr. Cook can state that.

7027. When did you hear of it?—I think he told me of it, not at the time, but some time afterwards. It was an incidental thing; there was a wrong rate of interest put upon it, I think.

7028. Did he tell you of it as early as January, 1841, do you think?—I think it might be a twelvemonth ago from this time since he told me of it, but I cannot pledge myself to the date. Mr. Cook merely mentioned it incidentally after the thing had occurred. Cook generally received the bills, not myself.

7029. What was done when Mr. Cook mentioned this to you?—He gave them back, I think.

7030. Did he not consult you about it?—No, I did not know anything of it, till some time afterwards. I thought it was some accident. He said he had given the bills back to Rapallo or Solari; I have only a faint recollection that there was something of the kind, that Cook stated to me that he had given back bills, to have them altered.

7031. Did he state what had passed with Rapallo?—No, I did not consider it of any moment. I had no suspicion, and never thought any more about it.

7032. Was that one bill or several?—I think there were several.

7033. Had they got out of your hands?—No, he discovered it at once, for he is a very particular man.

7034. Are you certain that no bill had got out of your possession with a wrong rate of interest upon it?—To the best of my knowledge, never.

7035. Will you positively state that none ever did?—No, I cannot positively say that no one had.

7036. Do you swear that before this fraud became public in October last, you had no knowledge or suspicion that any of these bills were not genuine, or improperly come by?—I do; I never had; I should wish to have my innocence tested in every way; I challenge every investigation. I wish to add that Rapallo, having on the 21st of October referred me to have the bills examined, came in afterwards to know whether I had had the bills examined; he said, "Now, Mr. Morgan, I hope they are all right?" I said, "My friends say they are." "Well, I told you so, Sir," said he;" "Now, Sir, what money have you got to give me?" "Why, Sir, I do not know; we have some money on the account; there is 15,000*l.*" He took the 15,000*l.* On the next day, the 22nd, he says, "Now, Mr. Morgan, have you got any more money for me?" "No," said I, "we cannot raise any money on Exchequer Bills; this report still continues; the Exchequer Bill market is completely paralyzed." "Well," says he, "have not you anything else." "We have 18,000*l.* Spanish, but you know it is collateral security." We then had 60,000*l.* stock open for the following account. He says, "But you have 17,000*l.* Exchequer I have left with you; you have plenty of Exchequer." I said, "Yes, but upon my word I can raise money much sooner on Spanish than I can on Exchequer. I am afraid we shall be called on." He said, "Oh, it will all blow over in a day or two." I said, "I hope it will." He said, "Cannot you let me have those 18,000*l.* Spanish?" I said, "It is all we have got, but I cannot refuse you that as we hold Exchequer," and he took that, the very last thing we had, leaving nothing but the bills in our hands, knowing, as he did, his guilt at that time.

7037. Was any person present at that transaction?—I think Cook was present.

[*The Witness withdrew.*]

Adjourned till Monday next, at 11 *o'Clock.*

MONDAY, 27th June, 1842.

Mr. SERGEANT STEPHEN in the Chair.

Examinations.

Mr. G. B. Lefroy.
27th June, 1842.

Mr. *George Bentinck Lefroy* sworn and examined.

7038. You are a solicitor?—I am.

7039. You have acted as solicitor to Rapallo?—I have.

7040. Up to what time?—I have acted for him from, I think, about three or four years ago, up to the period of his leaving this country.

7041. Do you produce a box the property of Mr. Rapallo?—I do.

7042. Will you state under what circumstances it came into your possession?—As solicitor for Mr. Rapallo at the time when he was apprehended, and in Giltspur-street Compter, he informed me there was a box at his bankers as well as a small balance of cash which he wished to have; and he gave me a cheque for the cash, which I received, 95*l.*; and he gave me an authority also to receive the box. Mr. Robarts, on my producing the authority, refused to give it up, saying he had a notice from, I think, Mr. Maule or Mr. Bush not to part with any property he had, and, therefore, he could not give it up. Mr. Robarts requested I would go with his son and see Mr. Maule on the subject, which I did; and there was a good deal of discussion took place; the result was, that I threatened Mr. Robarts with an action unless he would give it up, and he then gave it up to me.

7043. Has it been in your possession ever since?—It has.

7044. In the same state in which it was delivered?—It is not exactly in the same state. I received a box of Rapallo's with his name upon it; and not wishing his name to go to my bankers, I removed the papers into a box of my own.

7045. The contents of that box are precisely similar with what you received in the box to which you refer as received from Robarts'?—Yes.

7046. The seal on that box is your own seal?—Yes. I put that on on leaving it at my bankers.

7047. Did Rapallo see that box and examine its contents after you obtained it at Robarts's?—No, he never saw the box.

7048. Had he previously described to you the contents of the box?—I think he stated that it was Spanish stock.

7049. Did he describe its value?—He said it was worth 10,000*l.* or 12,000*l.*

7050. Can you recollect the date at which he said that?—It was at the time he was in Giltspur-street Prison.

7051. Soon after his committal to prison?—Yes. There was also a small box as well.

7052. What has become of that?—I gave the small box to Mrs. Rapallo; but took out the contents, and made them up into a small paper parcel.

7053. That is also under your seal?—Yes; it has been in my possession ever since.

7054. The contents of that are the same with the contents of the small box you have described?—Yes.

7055. What have you done with the cash balance?—I received it on account of money due to me as his solicitor.

7056. Was there also a bag?—Yes. The bag I did not receive at the bankers; I received that from Mr. John Waller, of the Stock Exchange.

7057. When was that?—That was very shortly before, or just after, he would have been tried.

7058. It was at a date subsequent to the transaction of which you have been speaking?—Yes. Mr. Waller was an intimate friend of mine; he did business for Rapallo, and said, "I have got a bag of Rapallo's, and I do not wish to have anything belonging to him; will you take it?" and I said, "I will;" and that was the way I got it. It was sealed up at the time, and it is in the same state. I have not opened the seal; I believe it is Mr. Waller's seal.

7059. You do not know its contents?—I do not.

7060. He gave it to you as the property of Rapallo?—Yes.

7061. Did Rapallo authorize the delivery over to you of that which was in possession of the bankers as his property?—He did.

7062. Are you aware of any lien on this property?—Mrs. Lowcock, Mrs. Rapallo's mother, claims it under a settlement.

7063. For what purpose was that settlement prepared?—This is the settlement (*producing the same*); it was as a provision for Mrs. Rapallo and her child.

7064. On what occasion was that prepared?—It was prepared while he was in prison, during the time he was remanded, and with a view to protect his property in case of a conviction.

7065. Does the settlement now produced refer to any property specifically or generally to his property?—It refers to the supposed contents of the two boxes.

7066. Does it refer specifically to any other property?—I think not. I conceive I have a lien on the box for the balance due to myself for costs; and I have had three or four applications from different persons in the City to whom he owes money.

7067. To what extent do you claim a lien yourself?—I should think to the extent of about 300*l.*

7068. For business done as solicitor?—Yes, and for money advanced for him. I have paid bills for him, and have given him money.

7069. Were your advances of money incidental to your capacity as solicitor?—Yes, they were. I believe they are all for differences on the Stock Exchange. Mr. Oakley, of the Stock Exchange, 294*l.* 1*s.* 3*d.*; Mr. Rochas, 666*l.* 7*s.* 7*d.*; Mr. Carr, 15*l.* 18*s.* 9*d.* I am not quite sure as to the other amounts. Mr. Godwin, I think, about 400*l.*, and Mr. Peacock about 350*l.*

Examinations.

Mr. G. B. Lefroy. 27th June, 1842.

7070. Were those applications for payment generally, or applications in consequence of any supposed lien?—They went to Mrs. Rapallo, and then came to me for payment, on learning that I had the box in my possession. Some of them talked of proceedings against me; but I advised them not to do it; that I did not intend parting with the box. After he went away, Mrs. Rapallo came back, and I think she brought me an authority from him demanding the box from me, and saying that I should pay those parties, and also pay myself, if I would give her up the box. That authority I did not keep, as I told her I should not part with the box till I knew who ought to have it.

7071. Have you any objection to leave the box with the Commissioners for examination into the contents?—I think I ought not to let the box go out of my possession. I have no objection to the contents of it being examined in my presence; I may be hereafter called on; it has never been out of my possession.

The seals of the box were broken by consent of Mr. Lefroy, and the different parcels were examined by the Commissioners, when the contents were found to be as follows:—

Columbian loan, 1824, with coupons from 15 July, 1826, £5000.
Spanish passive, £164,020.
British Asphaltum and Patent Coal Company, 2435 shares.
United States Asphalte of Seyssel Company, 75 shares.
Claridge's Patent Asphalte Company, 168 shares.
Liverpool Seyssel Asphalte Company, 90 shares.
Harwich Railway Company, 130 shares.
Westminster and Deptford Railway Company, 100 shares.
Robinson's Parisian Bitumen Paving Company, 175 shares.
South Eastern Railway Company, 20 shares.
London, Salisbury, Exeter, Plymouth, and Falmouth Railway Company, 210 shares.
Central Kentish Railway and Sandwich Harbour Company, 185 shares.
Bastenne and Gaujac Bitumen Company, 130 shares.
London and Brighton Railway, 70 shares.
A receipt for a deposit of £4. on account of Steam Carriage and Waggon Company.
A certificate, signed R. Ireland, 23 November, 1840, that 281 shares in his name in the books of the Anti Dry Rot Company, are the property of E. Rapallo.
A memorandum, dated 20th November, 1840, of F. de Lizardi and Co.
List 1143, W. and J. Morgan, of conversion of Mexican bonds, £3102. 15*s.* into £1550.
Mr. Lefroy also produced to the Commissioners sundry bills, generally of small amount, which had been put into his hands by E. Rapallo, but on which it was not likely anything would be recovered.

At the same time Mr. Lefroy produced a further quantity of 2550 British Asphaltum and Patent Coal Company shares, which he had received from Mr. Walter.

[*The Witness withdrew.*]

Mr. *William Mayo* further examined.

Mr. W. Mayo.

7072. Do you recollect any circumstance occurring of some bills bearing a wrong rate of interest?—Yes, I do.

7073. State what occurred upon that occasion?—I do not recollect how many there were; but I received some bills wanting the red stamp upon them from Mr. Mariner.

7074. Can you state the date?—The change of interest took place in March, 1840, so that it must have been soon after that; it might have been, I think, in March. I noticed the circumstance; and I thought, as there has been a public proclamation of the increase of interest, the extra halfpenny would not be refused because there is not a stamp upon them. I took the bills to Mr. John Wray Scott, to whom they were to be delivered on a loan. He was standing in the market, and noticed the circumstance of the missing stamp. He said, "I suppose it is all right; but we had better ask the jobbers in the market." I waited while he went into the Exchequer-Bill market, and asked them what they thought. They said, "There is but very little doubt of it; but you had better get the stamp put on;" and he gave them back to me, and I gave them back to Mariner.

7075. What passed when you gave them back?—Only that I had spoken to Mr. Scott, and he said he thought it would be better to get the stamp put upon them.

7076. What was his answer to that?—"Very well, I will get them changed," or something to that effect.

7077. What else occurred?—I have endeavoured to find whether I got the same bills back, but I cannot.

7078. To the best of your belief, did you get the same bills back, or some bills representing them?—I cannot say.

7079. Were the bills you first took circulated?—I cannot say; when I observed the stamp was missing, I made a memorandum on a piece of paper instead of copying them into a book, and afterwards when the bills were returned that was torn up; I did not like to make an entry of them in the book.

7080. Would the transaction with Scott be entered when the transaction was commenced or when it was completed?—When the bills were given back, and it was completed. I have endeavoured to trace it, but I cannot.

7081. Nothing further passed between you and Mr. Mariner on the subject?—No.

Examinations.

Mr. W. Mayo.
27th June, 1842.

7082. Did you communicate the circumstance to Mr. De Berckem?—I do not recollect whether I did or not; it is most likely I did if he was in town.

7083. Would you communicate at the time?—I think so, but I cannot recollect whether I did or not.

7084. Was there any other occasion on which a circumstance of that kind occurred?—No; no other. The increase of interest was given just about the time of the exchange, the bill was engraved in the body "a penny three farthings," but the bills issued at that time ought to have been stamped with a red stamp of two-pence farthing; that red stamp was wanting in this instance.

[*The Witness withdrew.*]

Mr. *William Mariner* further examined.

Mr. W. Mariner.

7085. You stated on your last examination a circumstance with respect to a defect on the face of some of the Exchequer Bills. You were asked whether you made any remark to Rapallo on the subject; your answer was that you said it was a very curious thing, on which he said, "Oh, but they often make mistakes up at the office?"—Yes.

7086. You were then asked, "Did you express any suspicion or dissatisfaction at that circumstance." You said, "Not at all." Have you stated the whole of what passed between you and Rapallo on that subject?—To the best of my knowledge I have. He said, "If you will send me the bills I will get them sent up to be rectified," and I gave him the bills. I have had conversations since with Mr. Mayo on the subject, and he has a perfect recollection of having the bills back from me.

7087. Have you had any communication with Mr. Rapallo since your last examination?—I know he is in Calais; I have two letters I have received from him; here are the two letters I have received (*producing the same*) I have not answered that letter of the 17th of June. I must have received it on the 18th of June.

7088. Have you any objection to leave those letters with the Commissioners?—Not at all.

(*The same were delivered in and read.*)

7089. To return to this matter of the bills which were irregular on the face of them, can you now recollect whether anything else passed between you and Mr. Rapallo on that occasion?—No, I have no recollection of anything further passing; I recollect taking the bills back to Rapallo, but I have no further recollection; it does not impress itself upon my mind that it was anything very particular, that it was a mistake.

7090. Do you recollect anything being said about the Chancellor of the Exchequer?—No, I have no recollection of anything of the kind; does the question refer to anything said to Rapallo about the Chancellor of the Exchequer? not the slightest.

7091. Anything said either to Rapallo or Mayo about the Chancellor of the Exchequer?—Certainly not; I have not the slightest recollection of making use of the Chancellor of the Exchequer's name either directly or indirectly.

7092. You do not recollect any mention of an intention on your part to write to the Chancellor of the Exchequer?—Now that is mentioned, I do recollect it. I recollect De Berckem having said to me, "We are all Tories," or something of that kind. It is so long back I cannot recollect the express words, "It would be a very good thing, Mariner, for the Times or some other public print to get hold of it and blame the Chancellor of the Exchequer or that particular department for their slovenliness." I now recollect that particular circumstance; I think that remark was made by De Berckem at the time.

7093. What did you say?—I really do not know what I said.

7094. No mention was made between you and Rapallo of the Chancellor of the Exchequer?—Certainly not.

7095. The Chancellor of the Exchequer was not referred to between you?—No, certainly not; I have no recollection of anything of the sort.

7096. Did you or did you not express to Mr. Rapallo your wish to write to the Chancellor of the Exchequer on the subject, or your intention to do so?—Never, or at least I have no recollection of ever having done such a thing, and I do not think I did.

7097. Did he make any request to you that you would not?—Not at all; I have no recollection of having communicated with Rapallo on that circumstance, beyond telling him of the mistake. I have no recollection of having said a word to him about the Chancellor of the Exchequer.

7098. Do you recollect his having said to you that he might be deprived of the agency if there was any stir made about that?—I do most solemnly swear that there was no such conversation, at least as far as my recollection such a long time back goes. With respect to the matter of account between me and Rapallo, I wish to state to the Commissioners, that after the 16th of October and before the 22nd, he handed to me 100,000*l.* Spanish passive stock, 50,000*l.* ditto ditto, 31,000*l.* Columbian stock, of which last 3,000*l.* has been since sold, the remainder are now under my control, or that of De Berckem; the 100,000*l.* under my control, the remainder under that of De Berckem.

7099. When you say under your control, you mean in your possession?—I have to account for it, some slight part of it has been sold.

7100. That is the only property you have in your possession in relation to Rapallo's affairs?—The only property.

[*The Witness withdrew.*]

Adjourned.

MONDAY, 11th July, 1842.

Examinations.

The EARL of DEVON in the Chair.

J Masterman, Esq. 11th July, 1842.

John Masterman, Esq., M.P., further examined.

7101. Have you recently refreshed your memory by reference to the books of your house relative to the payment of the drafts mentioned in the summons?—I have.

7102. Was there a draft for 2000*l.* paid by your house on the 12th of July, 1841, drawn by Lewis Levy, payable to De Berckem?—There was.

7103. Was there a draft paid of 4000*l.* on the 24th of August, 1841, drawn by the same party in favour of the same party?—There was.

7104. On the 31st of August was there a draft for 5200*l.* drawn by the same party paid to the same party?—There was.

7105. On the 26th of October, 1841, was there a draft paid for 3000*l.* which was drawn by Alfred Cutting in favour of Bennison and Co?—There was.

[*The Witness withdrew.*]

Mr. *George Sewell* sworn and examined.

Mr. G. Sewell.

7106. You are clerk of Messrs. Hoare and Barnett?—I am chief clerk.

7107. Have you brought the book with you which contains the entries of the 10th of April, 1841?—I have.

7108. Is that firm agent to the Clydesdale Banking Company?—It is.

7109. Did you, as such agent, on the 10th of April, 1841, pay any money on account of Major Anderson?—Yes, I paid a draft of the Clydesdale Banking Company in the name of Anderson for 15,299*l.* 3*s.* 6*d.*

7110. To whom did you pay it?—I see it is in the name of Anderson, he gave 16*s.* 6*d.* in money to make it up 15,300*l.*

7111. Do you know to whom you paid it?—I can only speak on the presumption that it is Mr. Anderson, I have it in his name.

7112. In what manner was that sum paid?—It was paid in the following Bank notes, 17,989 to 17,992, 16,077 to 16,083, 18,229 to 18,250, 20,012 to 20,013, of the 1st of January, 1841, each for 1000*l.*; 200*l.*, No. 41,002, of the 4th of January; and 100*l.*, No. 10,513, of the 5th of February.

[*The Witness withdrew.*]

Mr. *John Bryant Priestman* sworn and examined.

Mr. J. B. Priestman.

7113. You are clerk of Messrs. Smith, Payne, and Smith?—I am.

7114. Have you brought with you any books containing entries of June and November, 1841?—I have.

7115. Was there on the 5th of June, 1841, any draft paid of Bennison and Lennard's?—There was one paid for 3000*l.* drawn by Bennison and Lennard on Smith, Payne, and Smith.

7116. Does it appear to whom that was paid?—It does not, it is payable to No. 641.

7117. On the 6th of November, 1841, do you find an entry of a draft drawn by Bennison and Lennard?—Yes, a draft for 21*l.* 9*s.* 2*d.*

7118. On whose account was that paid?—It was paid on the draft of Bennison and Lennard to a number also.

[*The Witness withdrew.*]

Mr. *Edward Robinson* sworn and examined.

Mr. E. Robinson.

7119. You are a clerk of Messrs. Childs?—I am.

7120. Have you brought with you any document by which you can speak to payments made on account of Mr. Vickery in October, 1841?—I have, there were two payments in that, month on account of Mr. Vickery; one on the 2nd of October, 1841, amounting to 112*l.* 10*s.* to J. Bragg; and on the 15th of October a second payment of 196*l.* 5*s.* 2*d.*, on account of Mr. Vickery, payable to J. Bragg also, those are the cheques of Mr. Vickery, cancelled when paid.

(*The same were produced and inspected by the Commissioners.*)

[*The Witness withdrew.*]

Mr. *Samuel Dennis* sworn and examined.

Mr. S. Dennis.

7121. You are clerk in the Bank of England?—I am.

7122. Have you any book with you from which you have the means of stating whether a payment was made in August, 1841, on account of W. S. Watton?—Yes.

(*The Witness produced a book.*)

7123. What was the amount?—A cheque of Mr. Watton for 2000*l.* was paid to that amount.

7124. Have you the means of saying to whom it was paid?—It was paid to Mr. Levy; it was paid in two notes of 1000*l.* each, Nos. 47,072 and 47,073, of the 1st of January, 1841.

7125. Will you turn to an entry of the 21st of April in the same year?—There is a payment to Mr. D. Henriques of 1006*l.*; it was paid by a 1000*l.* note and 6*l.* in cash. The note was No. 2323, of the 1st of January, 1841.

7126. It was paid to Henriques himself?—Yes.

[*The Witness withdrew.*]

Examinations.

Mr. *John Robert Lyon* sworn and examined. Mr. J. R. Lyon. 11th July, 1842.

7127. You are clerk to Messrs. Jones Loyd and Co.?—I am.

7128. Have you any book by which you can show payments made in April and July, 1841?—I have.

(*The Witness produced a book.*)

7129. Will you turn to the 15th of April, 1848; do you find on that day a payment on account of George E. Cooper in favour of MacRae?—There was; there was paid to MacRae 504*l.* 4*s.*; that draft was paid on that day.

7130. On the 15th of July in the same year do you find an entry of a draft paid to Edward Lloyd Morgan from the same account?—2000*l.* was paid on account of Cooper to Edward Lloyd Morgan.

7131. Can you state the numbers of the notes in which those payments were made?—The latter amount was transferred to Morgan; there were no notes passed at all. He keeps an account with us, and paid in Cooper's cheque to his credit. There were Bank notes paid for the 504*l.* 4*s.*; but I have not the numbers in this book.

[*The Witness withdrew.*]

Mr. *Charles Frederick Curtis* sworn and examined. Mr. C. F. Curtis.

7132. You are a clerk in the Commercial Bank of London?—I am.

7133. Have you the book with you which refers to payments made in October, 1841?—I have (*producing the same*).

7134. Do you find an entry of a payment on account of Francis de Berckem on the 12th of October, 1841?—There was.

7135. Of what amount, and to whom?—179*l.* 6*s.* 4*d.* The draft was paid to Mastermans; it was presented by them to us.

[*The Witness withdrew.*]

Mr. *Charles Cadogan* sworn and examined. Mr. C. Cadogan.

7136. You are a clerk in the Commercial Bank of London?—Yes, at their office in Henrietta-street.

7137. Have you a book containing any payment on the 1st of October, 1841?—I have (*producing the same*).

7138. Do you find a draft drawn by J. P. Vickery in favour of Bragg?—No, payable to himself. Mr. Vickery took the money himself. The draft was for 2887*l.* 10*s.*

7139. Will you state the mode in which it was paid?—By notes. A 5*l.* note, No. 39,054; a 30*l.* note, No. 86,799; a 50*l.* note, No. 82,381; a 300*l.* note, No. 41,221; a 500*l.* note, No. 99,805; two notes of 1000*l.* each, Nos. 59,619 and 56,955; and 2*l.* 10*s.* in cash. I have here the cheque on which the same was paid, drawn by J. P. Vickery on the Commercial Bank.

(*The same was produced, and inspected by the Commissioners.*)

[*The Witness withdrew.*]

Mr. *Henry Cundell* sworn and examined. Mr. H. Cundell.

7140. You are a clerk in the London and Westminster Bank?—I am.

7141. Have you your book of July, 1841?—I have.

7142. Do you find there a draft drawn by Lewis Levy in favour of De Berckem?—Yes, I have entered as paid a draft for 3000*l.*

7143. Was that paid in notes, or through the settling?—It was paid in Bank notes; two notes of 1000*l.* each, being Nos. 37,848 and 37,293, and two notes of 500*l.* each, Nos. 94,222 and 92,879.

7144. On the 24th of August do you find a payment of a draft drawn by Mr. Lewis Levy to De Berckem?—Yes, for 1000*l.*

7145. How was that paid?—It was paid by a 1000*l.* note to the Commercial Bank, No. 49,873.

[*The Witness withdrew.*]

Mr. *Charles Beamish* sworn and examined. Mr. C. Beamish.

7146. You are a clerk in the London and Westminster Bank?—I am, at their chief office.

7147. Will you turn to their account of the 9th of October; do you find an entry of a cheque drawn by J. W. Scott on account of the Wilts and Dorset Banking Company for 1000*l.*—I do.

7148. That was paid to his order?—Yes, he was the manager of the firm at that time.

7149. How was it paid?—It was paid to the Wilts and Dorset Bank as part of a larger sum; the total was 3007*l.* 1*s.* 1*d.*

[*The Witness withdrew.*]

Adjourned to Wednesday next, at 11 *o'Clock.*

WEDNESDAY, 13th July, 1842.

The EARL of DEVON in the Chair.

Mr. *Christopher Freeman Rain*, sworn and examined.

Examinations.

Mr. C. F. Rain. 13th July, 1842.

7150. You are clerk to Messrs. Williams, Deacon, and Company?—I am.

7151. Have you a list of several drafts drawn by Mr. J. W. Scott on your firm at different times?—I have the list.

7152. On the 8th of December, 1840, was there a draft drawn by him, payable to Bostock?—Yes, for 5000*l.*

7153. On the 18th of January, 1841, do you find a draft drawn by Scott?—Yes, payable to self 15,000*l.*

7154. On the same day do you find a draft payable to Exchange?—Yes, 1000*l.*

7155. Do you find also, on the same day, a draft for interest?—Yes, 138*l.* 18*s.* 1*d.*

7156. On the 30th of January do you find an entry of a draft paid?—Yes, to No. 79, for 1000*l.*

7157. On the 1st of February do you find a draft paid to W. D. and Co.?—Yes, for 28*l.* 15*s.* 4*d.*

7158. On the same day do you find a draft to the same parties?—Yes, for 5000*l.*

7159. On the 9th of February is there an entry of a draft of J. W. Scott to De Berckem?—Yes, 5000*l.*

7160. On the 24th of February do you find a draft by the same party to the same party?—Yes, 5000*l.*

7161. Do you find a payment on the 5th of April to Sir James Shaw?—I have it entered the 3rd of April, 123*l.* 5*s.* 7*d.*

7162. Do you find an entry of a payment on the 16th of April to F. De Berckem?—Yes, of 10,000*l.*

7163. Do you find an entry on the 26th of April of a payment to De Lisle and Co.?—Yes, 41*l.* 15*s.* 7*d.*

7164. Do you find also a payment on the same day to the same parties?—Yes, 2000*l.*

7165. On the 29th of April is there a payment to Sir J. Shaw, Bart.?—2019*l.* 17*s.* 1*d.*

7166. On the 5th of May is there a payment to the same party?—Yes, 5000*l.*

7167. On the same day do you find another payment to the same party?—Yes, 23*l.* 19*s.* 5*d.*

7168. On the same day is there a payment to G. B. Clapcott?—I have it on the 10th, 71*l.* 4*s.* 7*d.*

7169. On the 13th of May do you find a payment to Sir James Shaw, Bart.?—Yes, 29*l.* 9*s.*

7170. On the 17th of May to F. De Berckem?—Yes, 5000*l.*

7171. On the 4th of June to Cooper and Company?—Yes, for 500*l.*

7172. The 21st of June is there a payment to Sir James Shaw, Bart.?—Yes, of 61*l.* 12*s.* 9*d.*

7173. On the 25th of June is there another payment to the same party?—Yes, 26*l.* 14*s.* 3*d.*

7174. And on the 24th of July another payment to the same party?—117*l.* 2*s.* 1*d.*

7175. On the 24th of August is there a draft payable to Exchequer Bills?—Yes, of 2000*l.*

7176. Do you find another draft of the same date payable to Exchequer Bills?—Yes, 38*l.* 12*s.* 7*d.*

7177. On the 7th of September do you find a draft paid to the London and Westminster Bank?—Yes, 36*l.* 19*s.* 8*d.*

7178. On the 9th of September was there a draft paid in favour of the London Joint Stock Bank?—Yes, 38*l.* 4*s.* 5*d.*

7179. On the 16th of September was there a draft paid to W. Scott?—Yes, of 1000*l.*

7180. On the 21st was there one paid to Sir James Shaw, Bart.?—Yes, 76*l.* 8*s.* 1*d.*

7181. On the 27th of September to the same party?—Yes, 114*l.* 13*s.*

7182. On the 2nd of October was a draft paid to Exchequer Bills?—Yes, 1500*l.*

7183. Do you find another entry of the same date?—Yes, Waller and Stirling 500*l.*

7184. On the 8th of October is there an entry of a payment to Sir James Shaw?—Yes, 41*l.* 1*s.* 10*d.*

7185. On the 9th of October to William Scott?—Yes, 1000*l.* 19*s.* 2*d.*

7186. On the 21st of October to the Bank of England?—30*l.* 2*s.* 9*d.*

7187. On the same day was there a draft paid to self?—Yes, 5000*l.*

7188. And one on the same date to Sir James Shaw?—Yes, 41*l.* 1*s.* 10*d.*

7189. And on the 22nd of October to Keyser?—Yes, 2000*l.* 5*s.* 6*d.*

[*The Witness withdrew.*]

Mr. *Reuben Baldwin* sworn and examined.

Mr. R. Baldwin.

7190. You are clerk in the house of Robarts, Curtis, and Co.?—I am.

7191. Have you brought the ledger in which the accounts of William Scott and Son, and Francis De Berckem and Sir James Shaw are entered?—I have the ledger with me.

Examinations.

Mr. R. Baldwin.

13th July 1842.

7192. Do you find an entry on the 15th of October, 1841, of a cheque by Francis De Berckem, in favour of Heseltine, of 11,132*l.* 5*s.* 1*d.*?—Yes, that was paid to No. 549; his drafts were payable only to numbers.

[*The Witness withdrew.*]

Mr. *Edwin Wade Lomer* further examined.

Mr. E. W. Lomer.

7193. Are you clerk to Messrs. Robarts and Curtis?—I am.

7194. Will you turn to the account of William Scott and Son. Do you find on the 26th of October, 1841, a draft in favour of No. 84 for 5104*l.* 6*s.* 5*d.*?—5104*l.* 6*s.* 5*d.*

7195. Do you find, on the 23rd of October, a draft to No. 63?—Yes, 210*l.* 10*s.*

7196. Does that book contain also Sir James Shaw's account?—It does.

7197. Will you turn to the 16th of April, 1841; do you find there an entry of a payment to J. W. Scott of 10,000*l.*?—Yes, that was paid by me.

7198. Do you find an entry on the 28th of June of a payment of 5000*l.*?—Yes, made to Scott.

7199. Do you find another draft on the 7th of July?—Yes, of 10,000*l.*, payable to Scott.

7200. Do you find another draft paid on the 7th of September?—Yes, for 5000*l.*, payable to Exchequer Bills. Those are all in my handwriting, the other two entries are not.

[*The Witness withdrew.*]

Mr. *Philip Aldridge Courd*, sworn and examined.

Mr. P. A. Courd.

7201. You are clerk to Messrs. Robarts and Co.?—Yes.

7202. Will you turn to Sir James Shaw's account on the 9th of September; do you find a draft payable to John Wray Scott for 5000*l.*?—Yes.

7203. Do you find another draft on the 21st of October?—Yes, for the same amount, payable to Scott.

7204. Those are entered regularly against Sir James Shaw's account?—They are; they were paid on his account.

[*The Witness withdrew.*]

Mr. *Charles Frederick White*, sworn and examined.

Mr. C. F. White.

7205. You are clerk to Messrs. Glyn and Co.?—I am.

7206. Have you any book of that house showing the payment of some drafts of Messrs. Capel and Co.?—I have; it is the clearing book, which is checked by the ledger.

7207. Will you turn to the 23d of October, and see whether there is a cheque paid on account of James Capel and Co.?—There is; to William Scott and Sons, of 21,465*l.* 0*s.* 4*d.*

7208. Do you find another draft on the 26th of October, paid to William Scott?—Yes, 13,189*l.* 15*s.* 4*d.*

7209. Do you find an entry of a cheque on the 13th of October?—Yes; drawn by J. Bragg in favour of E. Morgan, 5000*l.*

7210. On the 1st of October, is there a draft by J. Bragg in favour of Hichens and Co.?—Yes, of 200*l.*

7211. Will you turn to the account of Richardson on the 26th of October. Do you find a draft payable to Keyser for 3189*l.* 13*s.* 10*d.*?—That was paid on the 27th of October.

7212. Do you find on the 29th of October a draft drawn by the same party in favour of Heseltine?—That was payable to Heseltine, 2032*l.* 8*s.* 2*d.*

[*The Witness withdrew.*]

Mr. *Benjamin Bond*, sworn and examined.

Mr. B. Bond.

7213. You are clerk to Messrs. Currie and Co.?—I am.

7214. Have you brought with you books by which you can prove the payment of drafts drawn by J. Mollett?—Yes; they are the clearing books.

7215. On the 30th of November, 1841, do you find an entry of a draft for 78*l.* 14*s.* 10*d.* in favour of Bennison and Lennard?—Yes.

7216. On the 14th of January, in the same year, do you find an entry of a payment by J. Mollett to William Simonds?—Yes, for 4000*l.*

7217. On the 15th of January do you find another draft?—Yes, to the same party for the same amount.

7218. On the 21st do you find another to the same party?—There is a draft paid for 5000*l.*

7219. Do you find on the 2d of November a cheque by Adam Hilton in favour of Hensley?—Yes, for 104*l.* 6*s.* 3*d.*

7220. On the 5th of November, do you find a cheque drawn by the same parties?—Yes, for 86*l.* 17*s.* 6*d.*, in favour of Hensley.

[*The Witness withdrew.*]

Examinations.

Mr. W. Morgan.
Mr. J. W. Cook.
13th July, 1842.

Mr. *William Morgan*, }
Mr. *J. W. Cook*, } further examined.

7221. (*To* Mr. *Morgan.*) Referring to the evidence you have given on a former occasion with respect to your claim on behalf of Mr. John Inglis to six bills, have you any further evidence to offer upon the subject of that claim?—We were indebted to Mr. Inglis to that amount.

7222. (*To* Mr. *Cook.*) What is that book in your hand?—The Exchequer Bill book.

7223. Was that book kept by you?—Yes.

7224. And correctly kept according to the transactions as they took place?—Yes.

7225. The account contained therein is a correct account of the transactions to which they refer?—Yes, it is a correct account of the number of bills we had.

7226. It contains a correct account of the transactions to which it refers?—Yes.

7227. There appears an entry of No. 6444 on the 13th of October?—Yes.

7228. Did you receive them yourself from Rapallo?—Yes.

7229. You have an entry of 6421, 6422, 6423; when did you receive those?—On the 13th of October, from Mr. Rapallo.

7230. When did you receive 6445?—On the same day; all that passed on the same day.

7231. No. 6493?—On the 16th.

7232. For what purpose were those particular bills placed in your hands by Rapallo?—They were placed in our hands to raise money on by deposit.

7233. What did you do with them?—We kept them; I had them in my possession; they were put by in the safe; one, I believe, was in the hands of Messrs. Ransom, which Messrs. Ransom paid for.

7234. When you received those six bills from Rapallo, what did you do with them?—One went into Mr. Squire's hands, No. 6444.

7235. At what date?—That went on the 14th of October.

7236. Under what circumstances did that go into his hands?—We had five of those bills which were to be redeemed, which we did not redeem till Saturday, and I gave him that one in lieu of one of his own.

7237. How came you to give it him in lieu of one of his own?—Because he had 5000*l.* on that day, and I did not give him his own Exchequer Bill, but gave him this in lieu of it, which Mr. Morgan had to pay for afterwards.

7238. Why did you give him that bill instead of a bill he had already had?—Because we had to borrow; that day those five bills were in the Bank; it was one of those in the Bank, and we redeemed it on the Saturday: that would be the 16th of October.

7239. On the 14th of October, why did you give Mr. Squire another bill instead of a bill he already held?—Because I did not redeem the loan at the Bank; but he paid us off that day.

7240. At that time Mr. Squire had deposited certain bills with you, which you were to redeem?—Yes, we held his bills.

Mr. *Morgan.* We lent Mr. Squire 5000*l.*, and we had only 4000*l.* of those bills in our hands.

7241. Squire had given you 5000*l.* bills; those were genuine bills?—Mr. *Cook.* Yes.

7242. He was to redeem them on the 14th?—Yes.

7243. Then instead of giving him his own bill, you gave him this 6444 in lieu of it?—Yes.

7244. Did you give him the other four that belonged to him?—No, I changed them on the Saturday.

7245. What bills did you deliver to him besides No. 6444?—I do not recollect the numbers.

7246. Are those four others scheduled in the Act?—Mr. *Morgan.* No, I think not; we delivered four of his own.

Mr. *Cook.* But not on that day; I gave him five of those bills, and changed four of them afterwards.

7247. Are those four other bills or not in this Act of Parliament?—They were four of the bills belonging to Mr. Rapallo.

7248. Instead of his own bills, you gave him five bills belonging to Mr. Rapallo, and one of those was this No. 6444?—Yes.

7249. What afterwards became of this 6444?—Mr. Morgan paid 1000*l.* to Mr. Squire for it.

7250. Under what circumstances did you get it back from Squire?—Mr. Williams, I think, came and said that the bill was not a good one, and required the money for it.

7251. And after being complained of by Squire as not a good one, you got it back again?—Yes.

7252. On what day was that?—The 29th; they came back to Mr. Morgan.

7253. Was 1000*l.* in money given for it, or what?—1000*l.* in money.

7254. What was done next with respect to that bill?—Mr. Morgan intended it for Mr. Inglis; it remained in the office afterwards till Mr. Morgan produced it here.

7255. Are you prepared to state any other circumstances with respect to that bill?—No.

7256. When it came back into your possession on the 29th, was any new entry made of it in your books?—No.

7257. What do those entries in the book you have produced represent; are they memoranda of what you received from time to time from Rapallo?—They are the numbers of the bills I received.

7258. That was the only object of those entries?—Yes; the book also contains memoranda of the returns of bills to Rapallo, and his receipts for the bills so returned.

7259. Is there any other entry in your book with respect to the other five bills?—Nos. 6421,

6422, and 6423 are entered here (*pointing out the entry*); they are entered among the bills I received.

7260. There is an entry at the end of the book which speaks of those five bills with the name of J. B. Inglis against them; at what precise time did you make that entry?—That is done lately.

7261. Since the Commission commenced, in fact?—Yes.

7262. (*To* Mr. *Morgan.*) Are you in a condition to offer any further evidence as to the appropriation of these bills to Inglis?—No, I only considered those bills as being held for Mr. Inglis; they were in my possession from that time till the 21st with other securities, Spanish securities; and when I sent the 5000*l.* to be examined through Hichens, if I had been told they were not good bills, I should have given up the 5000*l.* to Mr. Rapallo, and retained the Spanish stock; instead of which I gave up the Spanish stock.

7263. Were those 5000*l.* the same bills you gave to Hichens to be examined?—Exactly.

7264. On what day did you do that?—I think it was the 21st; it was either the 21st or the 22nd; but we parted with the Spanish stock after those bills were proclaimed to be good, or I should have had Spanish stock for Mr. Inglis. I kept the securities in a lock-up place without appropriating them; so long as I had security it was sufficient. We changed them about as they were wanted, for they were left entirely to my control.

7265. (*To* Mr. *Cook.*) Will you refer to your book, and state how many bills of Rapallo's you had in your hands on the 21st of October?—Twenty.

7266. The 15 to which you have been asked, and the five afterwards handed to Squire?—Yes.

7267. How long had that been the case; at what date did the last bill previously pass out of your hands?—There were the 2000*l.*, Nos. 7065 and 7073 were taken out of the last parcel he left.

7268. Were those the last bills you had parted with before those 15?—7073 and 7065 were in the office last.

7269. To whom were those parted with?—Those two bills were in my hands, one for Major Anderson and the other I intended for Mr. Maynard.

7270. At what dates did those two bills get into your hands?—All the bills were in my hands.

7271. Was there any distinction made with respect to those two bills as to your mode of dealing with them?—Only that I considered that those bills were in my hands for my friends.

7272. Did you make any entry of the appropriation?—I did make an entry of one for Major Anderson, No. 7065 (*producing the book*).

7273. What is the date?—I have not put any date.

7274. There is an entry in this book which appears headed "Major Anderson," and at the bottom of that entry is 7065, which is put to his account; at what date was that done?—It was done before any Commission, or before we knew anything about it.

7275. You have said that on the 21st of October you had no bills except 20; was it before the 21st of October that you set it down to Major Anderson's account?—No, it could not be, for it was received on the 21st from Rapallo.

7276. So that on the 21st you had those two bills, and the house had the 20 other bills?—Yes.

7277. What other bills were there in the possession of the house or of yourself?—Only those two and the 20.

7278. How long before that had you parted with any bills received from Rapallo?—Coutts's would be the last. I think that would be the 15th or 16th of October.

7279. Then there would remain in your hands or in the hands of the firm only the 22 bills of which you have been speaking?—Just so.

7280. How long after the 21st of October was it that you made that entry at the foot of Major Anderson's account of No. 7065?—I only know I had it in my possession before the 25th; it was in the house.

7281. You said it was in your hands?—They were all in my hands as connected with the house.

7282. You say you got 7065 and 7073 from Rapallo on the 21st.—Yes.

7283. Will you recollect as well as you can how long after the 21st it was that you made that entry of 7065 to the account of Major Anderson?—It must have been done before the 28th I should think.

7284. Will you swear that it was done before the 28th?—I delivered in the account to the Treasury on the 28th, so that it must have been done before that; I know it was done about that time.

7285. The transaction is rather a particular one and therefore you ought to be prepared to state when you made that entry, had you done it before the 16 were put into Mr. Squire's hands?—Yes.

7286. Will you swear you made that entry before the 16 were put into Mr. Squire's hands?—Yes; I think I can do that.

7287. Will you show where the entry is with respect to the 7073?—That entry was made about the same time, (*pointing out the entry*), I had that in my possession.

7288. In the same book, that bill, No. 7073, has your initials put against it, what does your recollection enable you to state as to the precise date when that was done?—That would be about the same time.

7289. That was done on account of whom?—On account of Henry Maynard.

7290. Can you swear that that was done before the 28th of October?—Yes.

Examinations.

Mr. W. Morgan.
Mr. J. W. Cook.
13th July, 1842.

7291. Do you remember Mr. Maynard's calling upon you on the subject of that bill, No. 7073, after the alarm had commenced?—Yes.

7292. Can you state about what date it was?—That I should think would be about the 7th or 8th of November; I think it was on Saturday, the 7th of November.

7293. Was that the first inquiry Mr. Maynard made about what you had done with his money?—Yes.

7294. Had the entry in question been made before that?—I should say yes.

7295. Are you certain it was?—Yes.

7296. How long can you say with certainty that entry had been made?—I should think it was at the same time that the other was done.

7297. What is the earliest time that you can say for certain either of those entries was made?—I think about the 28th that they were both made about the same time but I have no dateto refer to.

7298. Had anything before those entries been done to mark the appropriation to those persons?—No; I have no memorandum of it.

7299. Had you done anything in any other way to show the appropriation to them?—No.

7300. They lay with the other bills?—Yes; all in my hands.

7301. They lay altogether without any distinction?—Yes.

7302. The money was advanced to you on the 14th of September by Mr. Maynard, you were directed to invest it on any security you might think fit?—I borrowed the money and was to find a security for it.

7303. Did you find any security for it in any way until this transaction?—I held some Portuguese bonds at one time, I did not invest it, I lent money on it.

7304. Had you placed out that money of Mr. Maynard's on any security before the 28th of October?—Yes; it was placed out on Portuguese bonds.

7305. Bonds to the full value?—Yes.

7306. In whose possession were those bonds?—In mine; they were in the safe at the office.

7307. From whom did you receive them?—From Mr. Morgan.

7308. At what date did you receive them from him?—I think on the 14th of September.

7309. How long did the money continue on the security of those bonds?—I think it continued for about a fortnight.

7310. What took place then?—I think I had some Spanish in Mr. Morgan's hands and I then took the 1000*l.* Exchequer.

7311. What did you do with the Spanish?—Delivered it back to Mr. Morgan.

7312. At what time?—I think I held Spanish; but I know I held some security.

7313. But you cannot tell what?—I cannot precisely.

7314. At what time did you deliver up the Portuguese?—I think I delivered it up about the 29th; it was from fortnight to fortnight.

7315. What was the state of the account between Mr. Morgan and Mr. Inglis on the 21st of October?—About 7000*l.*

7316. There was 7000*l.* due to Mr. Inglis?—Yes.

7317. Was that secured in any way?—There were some securities in the office.

7318. On the 21st of October how was that secured?—Mr. Morgan considered that he had those Exchequer Bills.

7319. What do you know of the security upon which that was laid out on the 21st of October?—Mr. Morgan considered that he had bills.

7320. Can you show any entry which imports that those bills were the security for Inglis on the 21st?—No, I cannot.

Mr. *Morgan.* I never entered into Mr. Inglis's securities from first to last.

7321. (*To* Mr. *Cook.*) Do you know of any other security except Exchequer Bills belonging to the account of Mr. Inglis on account of that money?—No.

7322. On what security was that 7000*l.* originally invested?—It was invested in Exchequer Bills.

7323. Do you mean that it was, on the 21st of October, first secured on the Exchequer Bills?—No, it was a good while before that.

7324. Was that secured by other Exchequer Bills not received from Mr. Rapallo on the 21st?—Mr. Morgan could do what he liked with Mr. Inglis's security.

7325. You produce a book in which there is an account of Mr. Inglis's, but there is no entry of any security?—There is not.

Mr. *Morgan.* He knew at the time that I held a security.

7326. From what date do you consider those six bills to have been appropriated to Mr. Inglis?—I consider them from the time we gave up the Spanish; that was about the 21st or 22d of October.

7327. Before that date, was that money due to Inglis secured in any manner?—Yes, on Spanish stock, and shares of various descriptions.

7328. To the full amount?—Yes, to the full amount.

7329. What became of those securities?—They were given up to the parties to whom we lent money.

7330. Those securities were otherwise disposed of by you on the 21st or 22d, and from the time you received those bills they were considered as held to the security of Mr. Inglis?—Yes; we raised all the money we could on any security, on Exchequer, and among the rest on Spanish, and that was considered as being appropriated to the security of Mr. Inglis.

7331. You say there was Spanish to the full amount?—Yes, Spanish and shares.

7332. At what time were those securities, Spanish and other foreign stock, exchanged for the security of those Exchequer Bills?—On the 21st or 22d.

7333. For what reason was that done?—Mr. Rapallo wished to have the Spanish; he wanted money, and I gave him 18,000*l.* Spanish.

7334. Can you show in your books any evidence of the appropriation of Spanish and the other securities you have mentioned, to Inglis?—No, I cannot; I did not take them down; we kept them packed up with our securities; we changed them so often that we did not think of entering them, only knowing we had securities for the amount, we kept them, and we were at liberty to change those securities whenever we liked.

7335. Did you ever give him notice that you had secured his money in that way?—Yes.

7336. Did you give him notice that you had given him the security of those Exchequer Bills?—Yes.

7337. You were asked on a former occasion, "Did you render any account of this transaction to Mr. Inglis?" Your answer was, "No, he left it entirely to us."—We did not at the time we took the security, but we did at the time that the thing was entirely known.

7338. You gave no notice at the time to Mr. Inglis of your having appropriated to him the security of those bills?—No.

7339. When did you first give him notice?—After the thing was known to be bad, when Rapallo was taken up.

7340. Do you mean to state that you gave any notice to Inglis before the present Commission issued?—Oh yes.

7341. How long before?—Some time before; I think it must have been in November last.

7342. At what time in November do you think it was?—I should think the 7th or 8th of November; it was, I know, before the trial of Smith.

7343. How long before?—I should think it must have been about a fortnight before.

7344. About the middle of November?—I should think thereabouts.

7345. (*To* Mr. *Cook.*) Did you receive those six bills, to which you have been examined, by themselves or with other bills?—They were in a parcel of 60.

7346. In what manner do you make out the payments to Rapallo on account of Exchequer Bills received by Messrs. Morgan?—I have here cheques on Jones Loyd and Co. for 37,000*l.* (*producing the same.*)

7347. What was the state of the account at the dates of those cheques?—The account was even on the 13th of October previous to these transactions.

7348. At the date of the first cheque, on the 13th of October, the account was even?—Yes.

7349. What was the subsequent progress of the account?—There was nothing further on the Exchequer Bill account. This (*producing it*) is the Exchequer Bill account, and the other (*producing it*) is the general account. After the 13th of October Rapallo became entitled to be credited in account with the three sums of 4000*l.*, 9955*l.* 4*s.*, and 500*l.* in the Exchequer Bill account. There is no item in his favour after that date.

7350. Up to what time does that come?—Up to the present period.

7351. Then according to that he would be indebted to you in the amount of the cheques you have produced?—Mr. *Morgan.* There is a balance. It is the difference between those two sums; it is the difference between the 17,026*l.* 9*s.* 6*d.* and the 14,659*l.* 10*s.* 8*d.*, being 2366*l.* 18*s.* 10*d.*

7352. You claim that sum as due to you on the general account up to this time?—Yes.

7353. (*To* Mr. *Cook.*) You say the account was squared on the first of those dates, the 13th of October, when the draft for 1000*l.* was given?—Yes.

7354. What was the state of the account on the 15th of October, when the two next cheques for 16,000*l.* were given?—We had received Exchequer Bills in payment, for which those cheques were given. The whole state of the account between us and Solari, or Rapallo, whether on the general account or the Exchequer Bill account, will appear on the accounts I now put in.

The same were delivered in and read, as follow:—

(*Vide papers A and B, pages* 415 *and* 416.)

7355. In your account one-half commission is charged on this whole amount, 146,000*l.*, for whatever short periods you appear to have charged that commission?—No, only for the year.

7356. You have charged it as if the 146,000*l.* was advanced for the whole year?—We always charge the commission to the end of the year.

7357. But that charge, instead of being at the rate of a half per cent., is very nearly two per cent. for the year?—It is a give and take thing; it is exactly as the Bank would do; it is charged at certain periods, whether half-yearly or at the end of the year. It is a very usual thing, and I would not do it again at the same rate, even on good Exchequer. We have sometimes to disturb those loans five times in a week, and there is no charge for fetching the money from the west end of the town, at four o'clock, and the risk of the loss of the money. One per cent. would not, by any means, have paid us on such an account.

7358. (*To* Mr. *Cook.*) With reference to numbers 7073 and 7065, will you state from your books at what dates you handed over to Messrs. Morgan the money of Major Anderson and Mr. Maynard?—Here is an entry on the 14th of September of 1000*l.*, credited to me in account with Messrs. Morgan and Co., 338*l.* 8*s.* 6*d.* on the 12th of October, 300*l.* on the 16th of October, and 3*l.*, which that last item refers to, which I have received from Major An-

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Mr. W. Morgan,
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derson; the remainder I received was in a bill for 500*l.*, which was not then due, and therefore is not entered in the account, and I gave him a cheque for 133*l.* When he came to town to inquire about this matter, which was about the 3rd or 4th of November, I returned him to the amount of 469*l.* 16*s.* 1*d.*

7359. What was the total that you credited yourself with in Messrs. Morgan's books?—300*l.*, 338*l.*, and 3*l.*

7360. That is the whole amount which you may be said to have paid over to Messrs. Morgan at that time?—Yes, leaving a debt to Major Anderson, secured by Exchequer Bills, of 15,000*l.*

7361. At what date did you pay over the value of Maynard's bill to Messrs. Morgan?—The 14th of September.

7362. (*To* Mr. *Morgan.*) The last article in the account you have delivered in is 500*l.* deposit; what is that?—It is a sum Mr. Solari had left on one occasion; the money is a guarantee against differences of stock till they pay the balance on account. I did not observe it, but that is the whole of the account.

7363. You do not hold any security on account of this amount?—Nothing but a parcel; I did not know what it contained, but I understand it is a parcel of Asphalte shares. I apprehend they are of no value; I am willing to deliver them up. I was not aware that we had them in our possession till of late; I have never opened them.

7364. (*To* Mr. *Cook.*) When Major Anderson sent up to you the money to which you have referred, part of it was a bill of exchange?—Yes, it was due on the 18th of October; it went to my credit on the 16th. That bill is for 300*l.* The other item consisted of the interest, with 3*l.* I got a cheque for.

7365. The result upon the whole appears to be, that on the 14th of October Messrs. Morgan and Company may be considered as having had the whole of Major Anderson's account paid over to them?—Yes.

7366. Referring to the Exchequer bill book, which you have produced to-day to the Commissioners, it appears to contain an account of the different parties with whom deposits of Exchequer Bills were made from time to time, on the advance of money?—Yes.

7367. In this book is there any entry of Inglis as a party by whom any Exchequer Bills were received from Rapallo?—There is not.

7368. On the other hand there is a heading of J. B. Inglis as having certain Exchequer Bills?—Yes.

7369. The Exchequer Bills entered under his name do not appear to comprise the six bills in question, or any of them?—No, they do not.

Mr. *Morgan.*—This in the book was a former account when he left England for the continent.

Dr. Mrs. SOLARI, Administratrix of Mr. A. SOLARI, deceased, in Account with Messrs. W. and J. MORGAN. *Cr.*

		£.	s.	d.		£.	s.	d.
1841. Oct. 29.	To Balance from Exchequer Bill Account					1213	13	0
Nov. 15.	To Paid difference, as per account.							
	Cost of	£.	s.	d.	Proceeds of	£.	s.	d.
	100,980 Spanish, 5 per ct., at 21⅛	21458	5	0	102,000 Spanish, 5 per ct. at 20⅜	20782	10	0
	1020 ,, 21⅜	212	18	6	20,400 Spanish, 5 per ct., deferred, at 10¼	2091	0	0
	20,400 Spanish, 5 per ct., deferred, at 10¾	2193	0	0	5000 Portuguese, 5 per ct., at 29¼	1462	10	0
	5,000 Portuguese, 5 per ct., at 30	1500	0	0	3700 Mexican, 5 per ct., at 24½	906	10	0
	3,700 Mexican, 5 per ct., at 24⅛	892	12	6	7000 Columbian, 6 per ct., at 18⅞	1321	5	0
	7,000 Columbian, 6 per ct., at 19	1330	0	0		26563	15	0
					Balance	1023	1	0
		£27586	16	0		£27586	16	0
Nov. 26.	To Paid difference						303	15	0
Nov. 30.	To Paid difference, as per account.							
	Cost of	£.	s.	d.	Proceeds of	£.	s.	d.
	99,960 Spanish, 5 per ct., at 25	24990	0	0	100,980 Spanish, 5 per ct., at 21 5/16	21521	7	3
	1020 ,, 22⅞	233	6	6	20,400 Spanish, 5 per ct., deferred, at 10¾ and 1/32	2199	7	6
	20,400 Spanish, 5 per ct., deferred, at 12½	2550	0	0	5000 Portuguese, 5 per ct., at 30 and 3/32	1504	13	9
	5000 Portuguese, 5 per ct., at 33¼	1662	10	0	7000 Columbian, 6 per ct., at 19 1/16	1334	7	6
	5000 Columbian, 6 per ct., at 20	1000	0	0		26559	16	0
	2000 ,, 19	380	0	0	Balance	4256	0	6
		£30815	16	6		£30815	16	6
Dec. 31.	To ½ per cent. commission on £146,000 Exchequer Bills for the year 1841						730	0	0
	Loss of business as estimated by an experienced accountant						9000	0	0
	Law expences, estimated at						500	0	0
							17026	9	6

		£.	s.	d.		£.	s.	d.
1839. Dec. 26.	By Balance on £4000 Portuguese, 5 per ct.					160	0	0
	Less a difference of Mr. Dehorne, 16 Sept.					54	6	9
							105	13	3
1841. Sept. 15.	By Balance, as per account.							
	30 July, Received for 10,200 Spanish, 5 per ct., as per account			2		2034	0	11
	16 August ,, 10,200 ,,			3		1881	7	4
						£3915	8	3
	15 July, Paid difference, as per account		1		276	19	11	
	,, interest on loan				126	4	8	
	30 July, Paid interest on loan				110	5	1	
	16 August, Paid interest on loan				132	0	8	
	Cheque on Jones Loyd and Co., 30 July				300	0	0	3816	14	10
	,, ,, 7 August				100	0	0	
	,, ,,				2,500	0	0	
	31 August, Paid interest on loan				129	8	11	
	15 Sept. ,,				141	15	7	
							98	13	5

Cost of	£.	s.	d.	15 July. Proceeds.	£.	s.	d.
3765 Mexican, 5 per ct., at 27⅛	1021	5	2	3765 Mexican, 5 per ct., at 25	941	5	0
5000 Columbian, 6 per ct., at 21 & 3/32	1054	13	9	5000 Columbian, 6 per ct., at 19	950	0	0
5100 Spanish, 5 per ct., at 22 & 3/32	1126	15	7	5100 Spanish, 5 per ct., at 20½	1045	10	0
Commission	11	0	5		2936	15	0
1	£3213	14	11	Balance. No. 1.	276	19	11
					£3213	14	11

Cost of	£.	s.	d.	30 July. Proceeds of	£.	s.	d.
3765 Mexican, 5 per ct., at 25⅛	945	19	2	3765 Mexican, 5 per ct., at 25⅜	969	9	9
5000 Columbian, 6 per ct., 19 1/16	953	2	6	5000 Columbian, 6 per ct., at 19 1/16	953	2	6
5100 Spanish, 5 per ct., 20½ & 3/32	1049	9	8	15,300 Spanish, 5 per ct., at 20	3060	0	0
	2948	11	4				
To Balance for 10,200 Spanish	2034	0	11				
2 No. 2.	£4982	12	3		£4982	12	3

Cost of	£.	s.	d.	16 August. Proceeds of	£.	s.	d.
3765 Mexican, 5 per ct., at 25⅜ & 3/32	973	0	4	3765 Mexican, 5 per ct., at 25⅜	960	1	6
5000 Columbian, 6 per ct., 19 1/16	956	5	0	5000 Columbian, 6 per ct., at 19⅛	956	5	0
15,300 Spanish, 5 per ct., 20 & inter.	3070	7	2	10,200 Spanish, 5 per ct., at 19½	1989	0	0
				5100 ,, at 19 5/16	984	18	9
	4999	12	6	10,200 ,, at 19 11/16	2008	2	6
Commission	17	7	11				
To Balance for 10,200 Spanish, 5 per ct.	1881	7	4				
3 No. 3.	£6898	7	9		£6898	7	9

Oct. 16.	By Cash, received Bank notes		4000 0 0
Oct. 21.	By sale of £42,840 Spanish, 5 per ct., at 19½	£8353 16 0	
	,, 8160 ,, 19⅝	1601 8 0	
			9955 4 0
Dec. 31.	By deposit account		500 0 0
			14659 10 8

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Paper B.

An Account, showing the Gross Annual Amount of sums paid to and received from Mr. A. Solari or his Agent, by Messrs. W. and J. Morgan.

Year.	Amount Paid.	Amount Received.
	£. s. d.	£. s. d.
1836	16,682 13 0	7,298 4 8
1837	17,459 9 10	4,313 14 10
1838	36,612 16 7	28,418 12 9
1839	109,682 18 9	149,734 12 1
1840	43,230 7 10	53,743 17 7
1841	92,162 8 6	19,306 8 10

An Account, showing the Balance of Foreign Bonds and Shares paid for and handed over to Mr. A. Solari or his Agent, by Messrs. W. and J. Morgan.

Year.	Spanish 5 per Cents.	Mexican 6 per Cents.	Columbian 6 per Cents.	Portuguese 3 per Cents.	Spanish Passive 5 per Cents	Brighton Railway Shares.	Blackwall Railway Shares.	British Asphalte Shares.
1838	71,400	..	2,000	..	..	50	55	1,085
1839	50,490	15,150	19,000	5,000	..	..	..	..
1840	58,140	10,200	..	..	10,200	..	..	..
1841	13,260	..	..	..	..	..	..	..

An Account, showing the Balance of Foreign Bonds received of Mr. A. Solari or his Agent, and sold and credited in his Account by Messrs. W. and J. Morgan.

Year.	Spanish Passive 5 per Cents.	Peruvian 6 per Cents.	Columbian 6 per Cents.	Portuguese 5 per Cents.
1839	13,480	5,000	..	..
1840	..	..	5,000	21,000

An Account, showing the Total Annual Amount of Brokerage charged to and paid by Mr. A. Solari or his Agent on the Purchase and Sale of Foreign Bonds and of Shares, whether for time or money, by Messrs. W. and J. Morgan.

Year.	
	£. s. d.
1836	111 17 6
1837	236 10 6
1838	526 16 3
1839	1027 7 10
1840	947 3 9
1841	423 15 4

7370. (*To* Mr. *Cook.*) There is an account under the head of Inglis, the last entry of which appears to be the 17th of June, 1840?—Yes.

7371. At what date is Maynard's 1000*l.* entered in your book; on what day did you get credit with Morgan and Company?—On the 14th of September.

7372. Was that the same day you received the money from Mr. Maynard?—I may have had the cheque a day or two previously, but I believe it was the same day.

[*The Witness withdrew.*]

Mr. *William Mariner* further examined.

Mr. W. Mariner.

7373. The Commissioners are in possession of a letter from you dated the 30th of June, 1842, in which you state that on looking into your books once again after having parted with them for about eight months, you discovered that the sum of 50*l.* for recovering the sixteen bills which were referred to in your evidence, had actually been charged to Rapallo, and that your former statement to the contrary is inaccurate?—Yes: that is the fact.

7374. This error you have in fact discovered?—Yes; I was thunderstruck when I discovered it Mr. Henry De Berckem and Mr. Mayo said to me that I had charged it, but I had not the slightest idea that it was so, but it appears in my account that I have charged it.

7375. Do you produce the accounts which were required of you?—Yes, as well as I am able to make them out. This is the Exchequer Bill account, and this is the account current (*producing the same*).

The same were read as follows:

Paper C.

PARTICULARS of EXCHEQUER BILLS received by William Mariner from A. Solari.

When Received.	Numbers.	Denomination and Dates.	Amounts.	When Delivered.	Amounts of Bills Delivered.	When Re-received.	Amount of Bills re-received.	When Re-delivered.	Amount of Bills Re-delivered.
1838			£.	1839	£.		£.	1839	£.
April 10 .	8135 to 8141	7/1000, March 1838	7,000	Feb. 11 .	7,000				
,, 11 .	8142 to 8146	5/1000 ,,	5,000	,, ,, .	5,000				
,, ,, .	8147 and 8148	2/1000 ,,	2,000	,, ,, .	2,000	Feb. 13, 1839	2,000	March 4	2,000
,, 14 .	8720 to 8726	17/1000 ,,	17,000	March 4 .	17,000				
,, 18 .	8727 to 8732								
,, 19 .	8733 to 8736								
May 11 .	8583 and 8584	2/1000 ,,	2,000	Jan. 10 .	2,000				
July 16 .	9164 to 9171	8/1000, June, 1838	8,000	June 5 .	8,000				
,, 25 .	9172 to 9174	3/1000 ,,	3,000	May 10 .	3,000				
,, 31 .	8585	2/1000, March, 1838	2,000	Feb. 19 .	2,000				
,, ,, .	8586								
,, ,, .	8587	1/1000 ,,	1,000	,, 11 .	1,000	,, ,,	1,000	,,	1,000
,, ,, .	9175	1/1000, June, 1838	1,000	June 5 .	1,000				
Aug. 30 .	9176	1/1000 ,,	1,000	Sept. 18 .	1,000	Sept. 28, 1838	1,000	June 5	1,000
,, ,, .	9177	1/1000 ,,	1,000	,, ,, .	1,000				
Sept. 11 .	9178	1/1000 ,,	1,000	,, ,, .	1,000	,, ,,	1,000	,,	1,000
Dec. 26 .	8589	1/1000, March, 1838	1,000	Jan. 22 .	1,000				
,, 29 .	8588	1/1000 ,,	1,000	Feb. 11 .	1,000	Feb. 13, 1839	1,000	March 4	1,000
1839									
Feb. 8 .	9103 and 9104	2/1000, June, 1838	2,000	April 30 .	2,000	May 16 ,,	2,000	May 30	2,000
	9105 to 9111	7/1000 ,,	7,000	May 13 .	7,000				
	9153 to 9159	7/1000 ,,	7,000	,, 10 .	7,000				
,, 13 .	9132 and 9133	16/1000 ,,	16,000	June 5 .	16,000				
	9112 to 9125								
	9126 to 9131	6/1000 ,,	6,000	May 10 .	6,000				
March 8 .	8931 to 8939	9/1000 ,,	9,000	June 5 .	9,000				
April 15 .	7918	1/1000, March, 1839	1,000	Dec. 30 .	1,000				
				1840					
	7919 and 7920	2/1000 ,,	2,000	April 14 .	2,000				
	7921 to 7925	5/1000 ,,	5,000	March 7 .	5,000				
	7926 and 7927	2/1000 ,,	2,000	April 14 .	2,000				
	7928 and 7929	2/1000 ,,	2,000	Dec. 30 .	2,000				
	7930 and 7931	2/1000 ,,	2,000	April 14 .	2,000				
				1839					
	7932 and 7933	2/1000 ,,	2,000	Oct. 31 .	2,000				
	7934	1/1000 ,,	1,000	Dec. 30 .	1,000				
	7935 and 7936	2/1000 ,,	2,000	Nov. 21 .	2,000				
	7937	1/1000 ,,	1,000	Dec. 30 .	1,000				
				1840					
May 7 .	7938 to 7960	23/1000 ,,	23,000	March 7 .	23,000				
				1839					
,, 16 .	7964	1/1000 ,,	1,000	Nov. 29 .	1,000				
				1840					
	7965 to 7968	4/1000 ,,	4,000	March 7 .	4,000				
,, 21 .	7969 to 7974	6/1000 ,,	6,000	,, ,, .	6,000				
,, ,, .	7975 to 7977	3/1000 ,,	3,000	Oct. 31 .	3,000			1840	
	7978	1/1000 ,,	1,000	,, ,, .	1,000	Nov. 15, 1839	1,000	March 7	1,000
	7979 to 7982	4/1000 ,,	4,000	March 7 .	4,000				
,, 22 .	7983 to 7985	3/1000 ,,	3,000	,, ,, .	3,000				
	7986 to 7988	3/1000 ,,	3,000	Oct. 31 .	3,000				
June 3 .	7989	1/1000 ,,	1,000	March 7 .	1,000				
	8346 to 8350	5/1000 ,,	5,000	,, ,, .	5,000				
				1839					
	8351 to 8353	3/1000 ,,	3,000	Dec. 30 .	3,000				
				1840					
	8354 to 8360	7/1000 ,,	7,000	March 7 .	7,000				
July 15 .	9217 and 9218	3/1000, June, 1839	3,000	June 5 .	3,000				
	9220								
Sept. 3 .	9213 and 9214	2/1000 ,,	2,000	,, ,, .	2,000				
,, ,, .	7961	1/1000, March, 1839	1,000	March 7 .	1,000				
	7889 and 7890	2/1000 ,,	2,000	April 14 .	2,000				
				1839					
,, 17 .	9205	1/1000, June, 1839	1,000	Oct. 31 .	1,000				
	9209 to 9212	4/1000 ,,	4,000	Sept. 25 .	4,000				
				1840					
Oct. 18 .	7907 to 7909	3/1000, March, 1839	3,000	April 14 .	3,000				
,, 21 .	7903	1/1000 ,,	1,000	,, ,, .	1,000				
				1839					
,, 30 .	9211 and 9212	2/1000, June, 1839	2,000	Oct. 31 .	2,000				
,, 31 .	9223 to 9232	10/1000 ,,	10,000	June 5 .	10,000				
Nov. 5 .	9251 and 9252	2/1000 ,,	2,000	,, ,, .	2,000				
,, 15 .	9245	1/1000 ,,	1,000	,, ,, .	1,000				
	9248 to 9250	3/1000 ,,	3,000	,, ,, .	3,000				
,, 25 .	9209	11/1000 ,,	11,000	Nov. 26 .	11,000				
	9233 to 9242								
,, ,, .	9243 and 9244	2/1000 ,,	2,000	June 5 .	2,000				
1840									
Feb. 20 .	9168 to 9177	10/1000 ,,	10,000	,, ,, .	10,000				
,, 28 .	9145 to 9167	23/1000 ,,	23,000	,, ,, .	23,000				
March 31 .	2179 to 2198	20/500, March, 1840	10,000	,,					
April 14 .	7379 to 7398	20/1000 ,,	20,000						
,, 15 .	7399 to 7403	10/1000 ,,	10,000						
	7413 to 7417								
May 29 .	8101 to 8125	25/1000 ,,	25,000						
June 26 .	5978 to 5982	5/1000, June, 1840	5,000						
,, 30 .	5983 to 5992	10/1000 ,,	10,000						
July 31 .	5826 to 5833	8/1000 ,,	8,000						
			353,000		265,000		9,000		9,000
			Bills	borrowed on	88,000			Balance nil	
					353,000				

Paper D.

Dr. E. Rapallo in Account Current with Wm. Mariner. *Cr.*

1840.		£.	s.	d.	1840.		£.	s.	d.
June 15	Difference on Spanish Passive, 10,200*l.*	1,020	0	0	June 15	Cash	1,000	0	0
,,	Ditto on 21,000*l.* Mexican	75	0	0	,,	Ditto	200	0	0
,,	Ditto on 42,840*l.* Spanish Active	508	14	6	June 24	Ditto	245	0	2
,,	Interest on Exchequer Loans	245	0	2	June 26	Borrowed on 5,000*l.* Exchequer, 5,978 to 5,982, (17 June, 1840)	5,000	0	0
June 25	Cash paid into Robarts and Co.	300	0	0			10,000	0	0
,,	Calls—316 Shares Anti-Dry-Rot Company.	316	0	0	June 30	Ditto on 10,000*l* Exchequer, 5983 to 5992	306	0	0
June 26	Cash	3,980	5	6	July 15	Difference on 81,600*l.* Spanish Passive	776	9	6
June 30	20,400*l.* Spanish Passive	1,829	12	6	,,	Ditto on 42,840*l.* Spanish Active			
,,	Difference on 42,840*l.* Spanish Active	294	10	6	,,	Error in settlement of Brighton Shares, 29th May last	5	0	0
,,	Ditto on 21,000*l.* Mexican	13	2	6			213	7	4
,,	Cash	7,000	0	0	July 28	Cash	1,134	15	0
July 2	Ditto	862	14	6	July 31	20,400*l.* Spanish Passive	3,245	0	0
July 15	Difference on 21,000*l.* Mexican	50	0	0	,,	11,000*l.* Mexican, sold at 29½	2,934	3	0
,,	Interest on Exchequer Loans	191	14	6	,,	Cash			
,,	Cash	845	15	0	,,	Borrowed on 1,000*l*, Exchequer, 5,826, 17th June, 1840	1,000	0	0
July 28	Interest on Exchequer Loans	213	7	4			1,450	7	6
July 31	10,200*l.* Spanish Active	3,609	10	6	Aug. 17	Sold 5,100*l.* Mexican. at 28¼	4,500	0	0
,,	11,000*l.* Mexican	3,704	7	6	,,	Cash			
Aug. 17	25,500*l.* Spanish Active	6,878	12	6	Aug. 28	Borrowed on 1,000*l.* Exchequer, 5833, 17th June, 1840	1,000	0	0
,,	Difference on 10,000*l.* Portuguese	275	0	0			245	2	4
,,	Ditto on 300,000 florins, Dutch	244	5	5	Aug. 31	Cash	195	7	10
,,	Interest on Exchequer Loans	113	5	10	Sept. 15	Ditto	87	9	0
Aug. 27	Difference on 410,000*l.* Consols	332	10	0	Sept. 22	Ditto	142	9	3
Aug. 28	Interest on Exchequer Loans	207	14	0	Oct. 2	Ditto	72	3	3
Aug. 31	Difference on 246,000 florins, Dutch	38	8	5	Oct. 14	Ditto	5,771	5	0
,,	Ditto on 10,000*l.* Portuguese	105	13	8	Oct. 15	Difference on 410,000*l.* Consols	924	7	6
Sept. 15	Interest on Exchequer Loans	195	7	10	Oct. 16	Cash	104	13	4
Sept. 22	Ditto Ditto	87	9	0	Oct. 21	Cash	128	12	10
Oct. 2	Ditto Ditto	142	9	3	Oct. 29	Ditto	2,000	0	0
Oct. 14	Ditto Ditto	72	3	3	Oct. 30	Borrowed on 2,000*l.* Exchequer	255	0	0
Oct. 15	Cash	5,771	5	0	Nov. 16	Difference on 51,000*l.* Spanish Passive	106	10	6
Oct. 16	Difference on 51,000*l.* Spanish Active	924	7	6	,,	Cash	2,000	0	0
Oct. 21	Interest on Exchequer Loans	104	13	4	Nov. 26	Borrowed on 2,000*l.* Exchequer	14,000	0	0
Oct. 29	Ditto Ditto	128	12	10	Nov. 27	Ditto on 14,000*l.* Exchequer	237	3	0
Oct. 30	Difference on 51,000*l.* Spanish Passive	223	2	6	Nov. 30	Cash	196	19	2
,,	Cash	1,776	17	6	Dec. 15	Ditto	6,000	0	0
Nov. 16	Ditto	255	0	0	Dec. 16	Borrowed on 6,000*l.* Exchequer	3,000	3	0
Nov. 17	Interest on Exchequer Loans	106	10	6	,,	Ditto on 3,000*l.* Exchequer	478	2	6
,,	Cash	1,500	0	0	Dec. 31	Difference on 51,000*l* Spanish Active			
,,	Interest on Exchequer Loans	245	2	10	1841.				
Nov. 26	Difference on 326,000*l.* Consols	7,550	0	0	Jan. 14	Cash	350	12	6
Nov. 27	Cash	4,950	0	0	Jan. 17	Borrowed on 6,000*l.* Exchequer	6,000	0	0
,,	Ditto	1,754	17	2	Jan. 18	Ditto on 1,000*l.* Exchequer	1,000	0	0
Nov. 30	Differences on 51,000*l.* Spanish Active and 51,000*l.* Spanish Passive	237	3	0	Jan. 29	Difference on 51,000*l.* Spanish Active	302	16	3
					Feb. 4	Cash	146	19	0
Dec. 15	Interest on Exchequer Loans	196	19	2	Feb. 12	Borrowed on 1,000*l.* Exchequer	1,000	0	0
Dec. 16	51,000*l.* Spanish Passive	3,191	6	6	Feb. 22	Cash	190	4	6
,,	Cash paid him	2,808	13	6	Feb. 26	Difference on 284.000*l.* Consols	2,831	17	6
,,	Ditto paid into Robarts and Co.	3,000	0	0	,,	Option on 51,000*l.* Spanish Active	191	5	0
Dec. 30	Interest on Exchequer Loans	234	3	1	,,	51,000*l.* Spanish Active, sold at 23⅞	12,176	5	0
Dec. 31	Cash	243	19	5	March 4	Cash	300	0	0
1841.					March 9	Ditto	600	0	0
Jan. 14	Difference on 51,000*l.* Spanish Active	350	12	6	March 6	Borrowed on 2,000*l.* Exchequer, 7381, 7382, March, 1840	2,000	0	0
Jan. 16	Ditto on 320,000*l.* Consols	4,362	2	6					
,,	Interest on Exchequer Loans	539	13	3	March 23	Borrowed on 1,000*l.* Exchequer, 8,300, 15 March, 1841	1,000	0	0
Jan. 17	Cash	2,000	0	0			6,000	0	0
Jan. 18	Ditto	108	4	3	March 30	Ditto on 6,000*l.* Exchequer	2,346	0	0
Jan. 29	Ditto	302	16	3	March 31	10,200*l.* Spanish Active, sold at 23	1,000	0	0
Feb. 2	Interest on Exchequer Loans.	146	19	0	April 16	Borrowed on 1,000*l.* Exchequer	19	2	6
Feb. 12	Difference on 51,000*l.* Spanish Active	669	7	6	April 29	Difference on 35,700*l.* Spanish Active	18	15	0
,,	Cash paid into Robarts and Co.	330	12	6	,,	Ditto on 20,000*l.* Columbian			
Feb. 22	Interest on Exchequer Loans	190	4	6	,,	Borrowed on 3,000*l.* Exchequer, 8351 to 8353, 15 March, 1841	3,000	0	0
Feb. 26	Options on 500,000*l.* Consols	3,183	15	0			370	1	5
,,	Difference on 51,000*l.* Spanish Active	73	6	3	May 10	Cash	186	5	0
,,	Ditto on 102,000*l.* Spanish Passive	446	5	0	May 24	Ditto	122	14	4
,,	Cash	11,847	18	9	May 14	Difference on 35,700*l.* Spanish Active	2,000	0	0
March 5	Interest on Exchequer Loans	381	16	2	,,	Borrowed on 2,000*l.* Exchequer	161	17	6
March 6	Cash	2,000	0	0	May 25	Difference on 37,000*l.* Consols	3	18	10
March 11	Ditto	300	0	0	June 24	Interest received of S. Heseltine	5,000	0	0
March 15	Ditto	200	0	0	,,	Borrowed on 5,000*l.* Exchequer			
March 24	Paid Henry de Berckem for tracing and recovering bills sold in error	50	0	0	June 30	Borrowed on 4,000*l.* Exchequer 7067 to 7071, 16 June, 1841	4,000	0	0
,,	Given to Mr. Mayo by your desire	5	0	0					
,,	Cash paid into Robarts and Co.	444	17	10	,,	Borrowed on 10,000*l.* Exchequer 7072 to 7081, 16 June, 1841	10,000	0	0
,,	Interest on Exchequer Loans	166	8	6			7,000	0	0
March 30	Cash	5,000	0	0	July 30	Borrowed on 7,000*l.* Exchequer	22	10	0
,,	Ditto paid into Robarts and Co.	2,556	2	4	Aug. 16	Difference on 20,000*l.* Columbian	2,447	9	3
,,	Ditto ditto	150	0	0	,,	51.000*l.* Spanish Passive	1,279	17	
March 31	Ditto ditto	196	0	0	Aug. 31	Difference on Spanish and Columbian	1,574	2	
,,	Interest on Exchequer Loans	380	2	8	Sept. 15	Ditto ditto ditto	2,262	7	
,,	Difference on 102,000*l.* Passive (Spanish)	63	15	0	,,	Cash	491	7	
April 6	Cash	100	0	0	Sept. 29	Difference on Spanish and Columbian	5,000	0	
April 14	Difference on 20,000*l.* Columbian	12	10	0	,,	Borrowed on 5,000*l.* Exchequer	10,000	0	
,,	Ditto on 10,200*l.* Spanish Active	15	18	9	Oct. 15	Borrowed on 10,000*l.* Exchequer	5,000	0	0
April 15	Ditto Consols	531	17	6	,,	Cash—cheque of E. L. Morgan	1,224	0	0
,,	Interest on Exchequer Loans	269	17	4	,,	6,120*l.* Spanish Active	5,000	0	
April 16	Cash paid into Robarts and Co.	69	16	5	Oct. 16	Cash—Mr. Morgan's check	20,000		
April 29	Difference on 102,000*l.* Passive	414	7	6	,,	Ditto Bank notes			
,,	Interest on Exchequer Loans	477	8	9					
,,	Cash	2,300		0					
May 5	Interest on Exchequer Loans	216	2	8					
May 17	Ditto ditto	186	5	0					
	Carried forward	110,095	11	8		Carried forward	192,575	16	10

Dr. E. Rapallo in Account Current with Wm. Mariner—*continued.* *Cr.*

1841.		£.	s.	d.	1841.		£.	s.	d.
	Brought forward	110,095	11	8		Brought forward	192,575	16	10
May 14	Difference on 20,000*l.* Columbian	81	5	0					
,,	Cash paid into Robarts and Co.	41	9	4					
,,	Cash ditto	2,000	0	0					
May 26	Cash	161	17	6					
May 15	Ditto	200	0	0					
May 31	Differences on Spanish and Columbian	678	6	5					
June 5	Cash paid into Robarts and Co.	250	0	0					
June 8	Interest on Exchequer Loans	254	9	5					
June 15	Differences on Spanish and Columbian	2,349	6	11					
,,	Cash	400	0	0					
June 19	Ditto	700	0	0					
June 22	Ditto	150	0	0					
June 24	Ditto	200	0	0					
,,	Interest on Exchequer Loans	146	11	6					
June 30	Differences on Spanish and Columbian	1,256	8	4					
,,	Interest on Exchequer Loans	275	2	6					
,,	Cash paid into Robarts and Co.	143	13	9					
,,	Ditto ditto	2,000	0	0					
,,	Cash paid him in Bank notes	10,000	0	0					
,,	Ditto paid into Robarts and Co.	200	0	0					
July 15	Interest on Exchequer Loans	268	2	0					
,,	Differences on Spanish and Columbian	3,354	10	2					
July 30	51,000*l.* Spanish Passive	3,222	4	8					
July 28	Cash paid into Robarts and Co.	300	0	0					
Aug. 16	Interest on Exchequer Loans	323	3	9					
,,	Difference on 135,000*l.* Spanish Active	882	2	9					
,,	51,000 Spanish Passive	2,447	9	3					
Aug. 28	Cash paid into Robarts and Co.	100	0	0					
Aug. 31	Ditto ditto	279	17	6					
Sept. 9	Interest on Exchequer Loans	422	11	11					
Sept. 10	Cash paid into Robarts and Co.	300	0	0					
Sept. 15	51,000*l.* Spanish Passive	2,486	5	0					
,,	Cash	30	0	0					
,,	Ditto paid into Robarts and Co.	70	0	0					
Sept. 29	Interest on Exchequer Loans	1,645	8	5					
,,	Cash	3,745	19	1					
Oct. 12	Interest on Exchequer Loans.	331	19	3					
Oct. 15	20,000*l.* Columbian Bonds, at 20¾	4,177	10	0					
,,	137,700*l.* Spanish Active, at 22$\frac{11}{32}$	30,853	8	1					
,,	Cash paid into Robarts and Co., 30 Sept.	150	0	0					
Oct. 16	Cash	5,000	0	0					
,,	Balance on this day as per book	711	2	8					
	£	192,575	16	10		£	192,575	16	10
					Oct. 16	Balance due to E. Rapallo	711	2	8

Dr. E. Rapallo in Account Current with William Mariner. *Cr.*

1841.		£.	s.	d.	1841.		£.	s.	d.
Oct. 18—23	54,000*l.* Exchequer Bills taken up from the Bank of England	54,000	0	0	Oct. 16	Balance due to E. Rapallo, as per account already furnished	711	2	8
Oct. 1—31	Interest on Exchequer Loans	450	15	4	Oct. 20	40,800*l.* Spanish Active Bonds	7,921	15	7
Oct. 31	Commission ⅛th, on purchase and sale of 7,100,000 francs, French Three per Cents.	710	0	0	Oct. 21	63,240*l.* do. do.	12,292	5	6
	Commission, 1/16 on option of 500,000*l.* Consols as per agreement	312	10	0	,, Oct. 22	Cash—Bank notes	24,500	0	0
	4,080*l.* Spanish Active, (not Rapallo's) sold in error, and the proceeds placed to his credit	1,020	0	0	,, Oct. 29	3000*l.* Columbian Bonds	560	12	6
	Cash advanced in Bank notes, 1/500*l.*, 1/300*l.*, 1/200*l.*	1,000	0	0	,, Nov. 15	Cash—Sundry checks	7,418	3	0
	Amount retained by the Committee of the Stock Exchange, for which Rapallo has received credit on the other side	197	11	11		17,340*l.* Spanish Active Bonds	3,412	18	6
	Amount retained by S. Heseltine, as security for liabilities, for which Rapallo has received credit on the other side	695	9	4		10,000*l.* Columbian Bonds	1,856	5	0
	Amount charged against me by F. de Berckem, for loss incurred by him in consequence of the compulsory closing of his accounts in the Stock Exchange, owing to Rapallo's fraud	528	2	6		Balance of account—difference on 98,940*l.* Spanish Active Bonds	317	15	11
	Balance	76	9	7					
	£	58,990	18	8		£	58,990	18	8
	Against which William Mariner has the following Claims:—				Dec. 31	Balance	76	9	7
	Losses already sustained:—					William Mariner has to account to E. Rapallo for the following securities:—			
	Loss on speculations (not Rapallo's) incurred by the compulsory closing of my accounts, through F. de Berckem, by the Committee of the Stock Exchange, consequent on Rapallo's fraud	1,089	11	6		150,000*l.* Spanish Passive Stock.			
	Loss of salary					28,000*l.* Columbian Bonds (remainder of 31,000*l.*), 3,000*l.* having been sold, and the proceeds carried to his credit as above.			
	Loss of agency, (not Rapallo's)					316 shares Anti Dry-Rot Company.			
	Law expenses					500 shares British Asphaltum and Patent Coal Company.			
	Sundry other expenses					Of the above—			
	Losses likely to accrue:—					50,000*l.* Spanish Passive Stock } are under the control of F. de Berckem.			
	Loss of official situation					28,000*l.* Columbian Bonds }			
	Liabilities for interest								
	Liabilities generally								
	Other legal charges								
	Damages								

Examinations.

Mr. W. Mariner.
13th July, 1842.

Mr. *Mariner.*—I beg to state that my books to the 15th of June, 1840, contain only the copies of contracts for the sale or purchase of stock, the amounts and description of Exchequer Bills received from or delivered to Solari and Rapallo, and the particulars of the interest on Exchequer Loans, but up to that date they do not regularly show the periodical cash settlements; therefore without reference to De Berckem's books I could only commence my account current with Rapallo from the 15th of June, 1840, which I have done, showing the balance of 711*l.* 2*s.* 8*d.* to the credit of Rapallo, on the 16th of October, 1841. The subsequent transactions I can supply from data chiefly received from De Berckem's books.

7376. Are those accounts made out by yourself from your books which you have produced to the Commissioners?—Yes; they were made out here.

7377. Are they correctly made out from those books?—They are.

7378. Do those books contain a correct account of the transactions?—I believe they do, strictly.

7379. Were those books kept by yourself?—Yes.

7380. In the account you have given in to-day, you state yourself to be in possession as the agent of Mr. Rapallo, of various securities, viz. 150,000*l.* Spanish Passive Stock, and so on; where are the documents belonging to that stock?—At the foot of the account I have stated that some of it is under the control of Mr. De Berckem; I have to account simply for 100,000*l.* Passive Stock, 50,000*l.* of that is under the control of Francis De Berckem. I have sold the principal part of that which was under my control, and am answerable for it. I will give in an

Paper

An Account of all the Exchequer Bills dated in the Year 1841, received from Mr. W. Mariner by F. de Berckem, showing the date of

Received from W. Mariner.					Names of Parties to whom successively delivered,				
Date.	Amount.	No.	Numbers.	Issue.					
1841									
23 March.	13,000	1	8300. . . .	3 & 4 Vic., c. 106	23 March	L. Levy	5 April .	F. de Berckem's box	15 April.
		2	8272, 8273 . .	..	..	P. Samuel . . .	15 April.	J. W. Scott.	
		1	8274. . . .	..	..	H. Tomkins.			
		3	8275 to 8277 .	..	..	Ditto	27 May .	F. de Berckem's box	7 June .
		6	8278 to 8283 .	..	..	Ditto.			
30 March.	26,000	1	8271. . . .	..	31 March	L. Levy	5 April .	Ditto	15 April.
		3	8301 to 8303 .	..	..	Bank of England .	15 April.	J. W. Scott.	
		5	8304 to 8308 .	..	..	Ditto	17 April.	E. Meyer	28 Sept..
		5	8309 to 8313 .	..	..	Ditto	..	Ditto	..
		5	8314 to 8318 .	..	..	Ditto	19 April.	Ditto	29 Sept..
		5	8319 to 8323 .	..	..	Ditto	20 April.	F. de Berckem's box	21 April.
		2	8324, 8325 . .	..	..	Ditto	..	Ditto	1 May .
19 April .	5,000	5	8326 to 8330 .	..	19 April.	E. Meyer. . . .	29 Sept..	J. W. Scott . . .	21 Oct. .
23 April .	10,000	10	8331 to 8340 .	..	24 April.	Ditto	30 Sept..	H. Tomkins . . .	..
29 April .	13,000	10	8341 to 8350 .	..	29 April.	Ditto	21 Oct. .	Robarts and Co.. .	29 Oct. .
		3	8351 to 8353 .	..	1 May .	Ditto	..	Ditto	..
5 May .	20,000	10	8354 to 8363 .	..	5 May .	Ditto	18 June .	Bank of England .	9 July .
		5	8364 to 8368 .	..	..	Ditto	..	Ditto	13 July .
		1	8369. . . .	..	..	Ditto	..	Ditto	16 July .
		4	8370 to 8373 .	..	..	Ditto	..	Ditto	..
10 May .	5,000	5	8374 to 8378 .	..	10 May .	H. Tomkins.			
13 May .	5,000	3	8380 to 8382 .	..	14 May .	Commercial Bank of London.	16 Sept..	Ditto	2 Oct. .
		1	8383. . . .	..	..	Ditto	17 Sept..	F. de Berckem's box	28 Sept..
		1	8384. . . .	..	..	Ditto	..	Ditto	..
27 May .	10,000	10	8447 to 8456 .	..	27 May .	Bank of England .	7 July .	J. W. Scott.	
5 June .	10,000	5	8437 to 8441 .	..	5 June .	J. W. Scott . . .	24 Aug..	L. Levy.	
		3	8442 to 8444 .	..	..	Ditto.			
		2	8445, 8446 . .	..	7 June .	W. Simonds.			
23 June .	16,000	5	7052 to 7056 .	4 Vic., c. 19 .	23 June .	J. W. Scott.			
		8	7057 to 7064 .	..	24 June .	W. Simonds.			
		2	7065, 7066 . .	..	..	Commercial Bank of London.	..	..	..
		1	7067. . . .	..	23 June .	Ditto	..	..	..
26 June .	1,000	1	7068. . . .	..	26 June .	H. Tomkins.			
28 June .	10,000	1	7072. . . .	..	28 June .	Bank of England .	10 July .	F. de Berckem's box	12 July .
		1	7073. . . .	..	..	Ditto	..	Ditto	..
		2	7074, 7075 . .	..	..	Ditto	..	Ditto	..
		1	7076. . . .	..	..	Ditto	..	Ditto	..
		5	7077 to 7081 .	..	..	J. W. Scott.			
30 June .	4,000	1	7067. . . .	D	30 June .	Bank of England .	..	..	..
		3	7069 to 7071 .	..	..	Ditto	..	..	15 Oct. .
7 July .	10,000	1	7082. . . .	..	8 July .	H. Tomkins . . .	Aug. 31 .	L. Levy	
		3	7083 to 7085 .	..	..	Ditto	..	Ditto.	
		1	7086. . . .	..	..	Ditto	..	Ditto	14 Oct. .
		5	7087 to 7091 .	..	..	Ditto	..	Ditto.	
14 July .	1,000	1	7103. . . .	..	14 July .	Commercial Bank of London.			
15 July .	3,000	1	7099. . . .	..	15 July .	Ditto	..	..	..
		2	7104, 7105 . .	..	..	Ditto	..	..	..
13 Oct. .	10,000	10	6404 to 6413 .	..	13 Oct. .	Bank of England .	Oct. 21 .	Robarts and Co. .	25 Oct. .
14 Oct. .	6,000	1	7065. . . .	C	14 Oct. .	S. Heseltine . . .	Oct. 20 .	Ditto	..
		1	7066. . . .	C					
		1	7099. . . .	E	..	Ditto			
		1	7102. . . .	..	..	Ditto			
		2	7104, 105 . .	F	..	H. Tomkins . . .			
Car. forwd.	178,000				..	S. Heseltine . . .	Oct. 20 .	Robarts and Co. .	..

account of that which I have sold; I do not know the exact amount, but I am ready to give credit for it when Rapallo pays me that which he owes me. I conceive I have a lien on the property for the great damage he has done me. With regard to the 28,000*l.* Columbian Stock, Mr. Francis De Berckem had the control of that, and I understand it to be in the hands of Levy; that De Berckem has sold it and considers himself answerable for it.

7381. There are also 316 shares in the Anti Dry Rot Company?—Yes; they are in my box, and also 500 shares in the Asphaltum Company, but I am afraid they are worth very little.

[*The Witness withdrew.*]

Mr. *Francis De Berckem* and Mr. *William Mayo* further examined.

7382. (*To* Mr. *Mayo.*) Do you produce the accounts required by the Commissioners?—Yes.

(*The Witness produced the same.*)

7383. Were those accounts made out by yourself from books kept by yourself, which have been produced to this Commission?—Yes.

7384. Are the accounts accurately made out from the books?—Yes.

7385. Do the books contain an accurate account of the transactions?—They do.

(*The same were delivered in and read, Vide Papers E, F, G, and H.*)

E.

Receipt and the names of the parties into whose hands they subsequently passed, and also when any were returned to Mr. Mariner.

with the Dates of the Deliveries respectively.							Returned to W. Mariner.		
							Date.	No.	Amount.
J. W. Scott.							1841		
W. Simonds.									
J. W. Scott.									
Bank of England	21 Oct.	J. W. Scott.							
Ditto	..	Robarts and Co.	..	..	..	..	22 Oct.	5	5,000 A
J. W. Scott.									
E. Meyer	21 Oct.	Ditto	..	..	..	..	..	5	5,000
Ditto	..	Ditto	29 Oct.	S. Amory	4 Nov.	Treasury.			
Robarts and Co.	29 Oct.	S. Amory	4 Nov.	Treasury.					
..	..	..	..	..	..	..	..	10	10,000 B
S. Amory	4 Nov.	Treasury.							
Ditto	..	Ditto.							
J. W. Scott.									
F. de Berckem's box.	14 July	Commercial Bank of London.							
Ditto	10 Aug.	H. Tomkins.							
Ditto	21 July	Commercial Bank of London.							
J. W. Scott.									
Bank of England	21 Oct.	Robarts and Co.	29 Oct.	S. Amory	4 Nov.	Treasury.			
Ditto	..	Ditto	..	..	..	..	..	1	1,000
..	..	..	..	..	..	..	13 Oct.	2	2,000 C
..	..	..	..	..	..	..	26 June.	1	1,000 D
L. Levy.									
Ditto	27 Sept.	F. de Berckem's box	28 Sept.	Bank of England	21 Oct.	Robarts and Co.	22 Oct.	1	1,000
Ditto.									
Ditto	15 Oct.	J. W. Scott.							
..	..	..	..	..	..	..	16 July	1	1,000
..	..	..	..	..	..	..	..	3	3,000
J. W. Scott.									
Commercial Bank of London.									
..	..	..	..	..	..	..	13 Oct.	1	1,000 E
..	..	..	..	..	..	..	..	2	2,000 F
Treasury.									
..	..	..	..	..	..	..	22 Oct.	1	1,000
..	..	..	..	..	..	..	..	2	2,000
							Car. forwd.		35,000

Paper

AN ACCOUNT of all the Exchequer Bills dated in the Year 1841, received from

Received from W. Mariner.					Names of Parties to whom successively delivered,				
Date.	Amount.	No.	Numbers.	Issue.					
1841									
Bt. forwd.	178,000								
15 Oct. .	26,000	1	6415. . . .	..	15 Oct. .	Robarts and Co. . .	Oct. 19 .	F. de Berckem's Box	20 Oct. .
		1	6433. . . .	..	..	Ditto	..	Ditto	..
		8	6447 to 6454 .	..	..	Ditto	..	..	..
		5	6460 to 6464 .	..	..	Ditto	19 Oct. .	Ditto	20 Oct. .
		1	6494. . . .	..	..	Ditto	..	Ditto	..
		3	6495 to 6497 .	..	..	Ditto	..	Ditto	..
		7	6498 to 6504 .	..	..	Ditto	..	Ditto	..
25 Oct. .	23,000	1	6415. . . .	G	25 Oct. .	Ditto	29 Oct. .	S. Amory. . . .	4 Nov. .
		1	6433. . . .	H	..	Treasury			
		5	6460 to 6464 .	I	..	Ditto			
		1	6494. . . .	K	..	Robarts and Co.. .	29 Oct. .	S. Amory . . .	4 Nov. .
		5	8309 to 8313 .	A 3&4Vic.c.106	..	Ditto	..	Ditto	..
		10	8331 to 8340 .	B	..	Ditto	..	Ditto	..
	227,000	Total	received.						
	58,000	Total	returned.						
	169,000	Balance received.							

Paper F. (1)

Mr. W. MARINER in Account Current with F. de Berckem.

Account of Transactions connected with Exchequer Bills.

Period.	Dr. To Cash paid him.			Dr. To Cash for him on Account of Stock Transactions.			Dr. To Cash Interest on Exchequer Loans.			Cr. By Cash received of him.			Cr. By Cash on Account of Stock Transactions.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.
Oct., Nov., Dec., 1837 . . .	2,000	0	0	..			..			..			..		
Jan. to June, 1838	31,000	0	0	..			192	3	0	192	3	0	..		
July, Aug., Sept.	17,922	12	10	2,091	8	3	369	17	11	3,383	1	9	..		
Oct., Nov., Dec.	2,132	2	6	1,867	17	6	539	6	1	2,440	10	5	..		
Jan., Feb., March, 1839 . .	9,130	17	9	52,288	7	0	451	12	1	52,970	9	9	..		
April, May, June	15,142	7	10	14,625	14	0	781	13	5	7,295	18	8	240	12	6
July, Aug., Sept.	16,970	15	9	5,464	10	9	1,287	13	5	4,222	6	4	16,470	15	9
Oct., Nov., Dec.	20,848	15	9	66,288	5	8	1,989	3	9	79,889	5	11	7,036	8	9
Jan., Feb. March, 1840 . . .	9,631	16	6	20,692	18	11	1,018	7	7	46,132	4	7	8,428	2	6
April, May, June	35,246	14	0	11,764	2	6	1,100	3	6	14,838	6	7	20,143	2	7
July, Aug., Sept.	2,146	3	3	9,360	7	11	981	3	7	8,205	10	1	1,394	19	6
Oct., Nov., Dec.	22,107	19	10	12,126	10	4	1,261	8	4	7,034	15	4	6,504	7	6
Jan., Feb., March, 1841 . .	25,430	11	2	5,458	12	6	1,657	9	3	1,587	16	0	14,982	12	6
April, May, June	19,863	9	0	8,413	9	4	1,525	16	7	3,022	13	11	2,556	5	5
July, Aug., Sept.	5,197	18	10	10,759	16	2	2,544	6	2	4,709	17	0	1,771	5	0
Oct., Nov., Dec.	5,068	15	4	33,884	12	10	643	0	1	61,918	3	0	24,583	2	9
	239,841	0	4	255,086	13	8	16,343	4	9	297,843	2	4	104,111	14	9

Dr.				*Cr.*			
To Amounts brought down.	£.	s.	d.	By Amounts brought down.	£.	s.	d.
Cash paid him . . .	239,841	0	4	Cash received of him . .	297,843	2	4
Ditto paid on his account .	255,086	13	8	Ditto received on his Account	104,111	14	9
Ditto paid for Interest .	16,343	4	9	Borrowed on 112,000 Exchequer Bills received from him and not yet paid off	112,000	0	0
Balance	2,683	18	4				
	* £ 513,954	17	1		£ 513,954	17	1
				1841. December 31. By Balance .	£ 2,683	18	4

* Of this amount 465,500*l.* was raised by Mr. F. de Berckem on deposit of Exchequer Bills.

WM. MAYO, *Clerk to Mr. F. de Berckem.*

E.—continued.

Mr. W. Mariner by F. de Berckhem—*continued.*

with the Dates of the Deliveries respectively.							Returned to W. Mariner.		
							Date.	No.	Amount.
							1841		
							Bt. forward		35,000
Robarts and Co. .	..	..	..	..	..	..	..	1	1,000 G
Ditto	..	..	..	..	..	..	..	1	1,000 H
..	..	..	..	..	..	..	16 Oct. .	8	8,000
Robarts and Co. .	..	..	..	..	..	..	22 Oct. .	5	5,000 I
Ditto	..	..	..	..	..	..	..	1	1,000 K
Ditto	22 Oct. .	H. Tomkins.							
Ditto	..	..	..	..	..	..	..	7	7,000
Treasury.									
Treasury.									
Ditto.									
Ditto.									
									58,000

Paper F. (2)

Mr. W. MARINER in Account Current with F. de Berckem.

Account of Transactions not connected with Exchequer Bills.

Period.	Dr. to Cash. paid him.			Dr. to Cash. on Account of Stock Transactions.			Cr. by Cash. received of him.			Cr. by Cash. on Account of Stock Transactions.			Commission allowed him.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.
Oct., Nov., Dec., 1836 . . .	285	0	0	3,309	10	0	3,118	1	3	303	8	9	12	9	11
Jan., Feb., March, 1837 . . .	1,074	8	10	4,729	12	7	976	1	4	4,941	0	11	72	16	8
April, May, June	2,573	17	2	1,763	12	1	3,154	4	8	1,126	3	11	65	5	3
July, Aug.. Sept.	99	4	3	2,121	0	6	2,222	8	8	..			116	0	9
Oct., Nov., Dec.	4,646	0	6	2,802	7	1	4,884	2	6	1,768	2	6	184	7	5
Jan., Feb., March, 1838 . .	1,575	12	9	4,694	7	11	6,076	18	1	1,256	18	8	322	16	10
April, May, June	2,044	12	11	1,859	0	9	2,048	8	0	1,461	3	9	254	18	5
July, Aug., Sept.	5,086	2	2	2,219	6	9	3,370	12	6	3,832	4	11	260	2	8
Oct., Nov., Dec.	3,778	5	0	4,612	12	3	7,306	7	6	748	13	0	76	8	2
													274	0	8
Jan., Feb., March, 1839 . .	2,496	9	3	393	7	6	1,173	16	4	1,225	1	2	22	9	0
													329	1	6
April, May, June	1,021	11	4	2,563	0	7	2,599	10	9	669	7	10	274	9	3
July, Aug., Sept.	934	4	1	1,991	10	11	1,790	4	2	387	17	3	94	11	0
													434	11	9
Oct., Nov., Dec.	149	11	4	1,492	16	11	339	12	9	359	16	0	516	12	5
Jan., Feb., March, 1840 . .	316	0	3	514	14	8	319	14	5	53	11	3	537	9	2
April, May, June	387	17	0	442	7	6	195	14	2	93	9	6	137	4	2
													291	4	4
July, Aug., Sept.	243	8	3	208	13	9	..			174	3	10	321	7	0
Oct., Nov., Dec.	614	14	0	148	9	6	60	0	0	147	11	7	100	4	1
													350	12	5
Jan., Feb., March, 1841 . .	322	7	8	779	19	7	380	4	3	178	11	9	22	11	8
													397	11	11
April, May, June	341	19	6	637	0	3	225	1	0	106	2	0	318	12	7
July, Aug., Sept.	332	18	7	943	10	11	257	18	9	185	12	5	400	14	4
Oct., Nov., Dec.	1,182	1	8	1,112	1	9	..			2,560	18	8	247	11	7
													179	18	6
	29,506	6	5	39,339	3	9	40,499	0	4	21,579	19	8	6,616	3	5

Dr.

	£.	s.	d.
To Amounts brought down.			
Cash paid him . . .	29,506	6	5
Ditto paid on his Account .	39,339	3	9
£	68,845	10	2
1841.			
December 31. To Balance . .	£150	6	9

Cr.

	£.	s.	d.
By Amounts brought down			
Cash received of him . .	40,499	0	4
Ditto received on his Account .	21,579	19	8
Commission on Exchequer 700 19 8			
Ditto on Stock . 5,915 3 9	6,616	3	5
Balance	150	6	9
£	68,845	10	2

Examinations.

Mr. F. de Berckem.
Mr. W. Mayo.
13th July, 1842.

Paper F.—continued.

SUMMARY OF ACCOUNT.

Dr. Mr. W. Mariner, 31st December, 1841. *Cr.*

	£.	s.	d.		£.	s.	d.
To Balance of Account F. (2)	150	6	9	By Balance of Account F. (1)	2,683	18	4
One-eighth per Cent. Commission on Sale and Repurchase of £7,100,000 French 3 per cent.	710	0	0				
One-sixteenth per cent. on option in Consols, £500,000	312	10	0				
Cash retained by S. Heseltine on account of Exchequer Bills	695	9	4	N. B.—These Amounts have both been included in the above Credit of £2683 18s. 4d.			
Cash in the hands of Stock Exchange Committee	197	11	11				
Loss on stock sold in consequence of E. Rapallo's fraud	528	2	6				
Balance	89	17	10				
	£2,683	18	4		2,683	18	4
Legal Expenses.							
Liabilities for Interest on Exchequer Loans.				Balance	89	17	10
Liabilities Abroad.							
Liabilities of all kinds at home.							
Damages already sustained.							
Damages from loss of business, &c. &c. 31 December, 1841.							

Paper G.

ACCOUNT showing the amount of Commission on Exchequer Loans received by F. de Berckem, and the Dates when the same was divided with Mr. Mariner, and the half passed to his Account.

Amount of Interest paid during the Month of	£.	s.	d.	Amount of Interest received during the month of	£.	s.	d.
May, 1838	25	17	10	May, 1838	94	18	7
June, 1838	189	7	10	June, 1838	97	4	5
July, 1838	51	7	11	July, 1838	132	0	8
August, 1838	140	9	10	August, 1838	92	2	10
September, 1838	123	1	4	September, 1838	149	0	2
October, 1838	128	4	2	October, 1838	149	11	11
November, 1838	135	13	11	November, 1838.	149	4	0
December, 1838	162	17	1	December, 1838.	245	13	9
31 December, carried to account of W. Mariner	76	8	2				
Ditto self	76	8	3				
	1109	16	4		1109	16	4
January, 1839	115	4	2	January, 1839	70	13	10
February, 1839.	144	0	11	February, 1839	176	9	8
28 Feb. to account of W. Mariner	22	9	0	Balance carried down	56	19	7
Ditto self	22	9	0				
	304	3	1		304	3	1
Balance brought down	56	19	7				
March, 1839	131	18	2	March, 1839.	204	8	7
April, 1839	180	11	5	April, 1839	206	13	7
May, 1839	261	17	3	May, 1839	300	13	5
June, 1839	257	9	6	June, 1839	274	6	5
July, 1839	371	15	6	July, 1839	384	15	11
August, 1839	343	10	7	August, 1839	384	14	9
September, 1839	480	11	5	September, 1839	518	2	9
30 Sept. to account W. Mariner	94	11	0				
Ditto, self	94	11	0				
	2273	15	5		2273	15	5
October, 1839	641	16	8	October, 1839	684	1	0
November, 1839	623	2	3	November, 1830.	666	19	2
December, 1839	595	16	9	December, 1839.	638	3	7
January, 1840	438	7	5	January, 1840	472	19	1
February, 1840.	370	10	9	February, 1840	405	8	10
March, 1840	169	10	9	March, 1840.	139	19	8
April, 1840.	359	11	10	April, 1840	394	6	11
May, 1840	360	2	7	May, 1840	400	7	3
June, 1840	274	7	6	June, 1840	305	9	4
30 June, to account of W. Mariner	137	4	2				
Ditto, self	137	4	2				
	4107	14	10		4107	14	10

Paper G.—continued.

Amount of Interest paid during the Month of	£.	s.	d.	Amount of Interest received during the Month of	£.	s.	d.
July, 1840	328	3	2	July, 1840	361	9	7
August, 1840	277	1	3	August, 1840	308	17	9
September, 1840	284	10	1	September, 1840	310	16	3
October, 1840	364	9	7	October, 1840	401	7	9
November, 1840	418	4	3	November, 1840	457	15	2
December, 1840	369	15	5	December, 1840	402	5	5
31 Dec. to account of W. Mariner	100	4	1				
Ditto, self	100	4	1				
	2242	11	11		2242	11	11
January, 1841	484	9	11	January 20th 1841	529	13	3
20 Jan. to account of W. Mariner	22	11	8				
Ditto, self	22	11	8				
	529	13	3				
January, 1841	51	11	9	January, 1841	56	3	4
February, 1841	258	14	3	February, 1841	280	15	5
March, 1841	728	13	10	March, 1841	790	17	3
April, 1841	644	5	5	April, 1841	703	4	2
May, 1841	309	4	10	May, 1841	337	8	3
June, 1841	444	19	10	June, 1841	485	4	2
July, 1841	367	17	2	July, 1841	402	16	8
August, 1841	376	15	7	August, 1841	412	1	5
September, 1841	1573	18	2	September, 1841	1729	8	1
October, 1841	589	14	9	October, 1841	643	0	1
30 Oct. to account of W. Mariner	247	11	7				
Ditto, self	247	11	8				
	5840	18	10		5840	18	10

SUMMARY.

	£.	s.	d.
31 December, 1838	76	8	2
28 February, 1839	22	9	0
30 September, 1839	94	11	0
30 June, 1840	137	4	2
31 December, 1840	100	4	1
20 January, 1841	22	11	8
31 October, 1841	247	11	7
	£700	19	8

As per Account Current B.

Paper H.

AN ACCOUNT showing the Dates up to which Interest has been paid by F. de Berckem on the Loans on the Exchequer Bills now outstanding.

Dates up to which Interest has been paid.	Amount of Loan.	Name of Party to whom paid.	Dates up to which Interest has been paid.	Amount of Loan.	Name of Party to whom placed.
1841.	£.		1841.	£.	
15 October	2,000	S. Heseltine.	Brought forward	54,000	
16 August	13,000	W. M. Simonds.	22 October	3,000	H. Tomkins.
12 October	16,000	L. Levy.	30 June	5,000	J. W. Scott.
31 October	10,000	Commercial Bank of London.	25 September	15,000	Ditto.
			2 October	3,000	Ditto.
14 October	1,000	Ditto, Barnewall.	9 October	10,000	Ditto.
31 August	1,000	H. Tomkins.	15 October	2,000	Ditto.
14 October	1,000	Ditto.	21 October	20,000	Ditto.
21 October	10,000	Ditto.			
			Total	112,000	
Carried forward	54,000				

7386. (*To* Mr. *De Berckem.*) When did Mr. Pritchett dissolve partnership with you?—The 20th of January, 1841. He has nothing to do with the Bills now outstanding.

7387. Under what circumstances did he happen to retire?—He retired under circumstances that, though he is a man of the highest honour and integrity, and a very good man of business—a man I could trust with untold gold—I found when I was absent he trusted people too much; and finding there were several losses, I thought I had much better be by myself, and there were private reasons for separating unconnected with the Bills.

Examinations.

Mr. F. De Berckem.
Mr. W. Mayo.
13th July, 1842.

We parted in perfect friendship, and I send him business now. I offered him the business altogether, and that I would retire from it; but that, if I remained, I must take the whole business. I lost 2800*l.* while I was in Essex by his trusting an individual.

7388. There is some Spanish passive stock which came from Mariner in some way that is under your control?—Not under my control that I know of.

7389. To whom does that belong?—To Mr. Mariner. And there is some Columbian, which amounts to the value of about 5000*l.* That Mr. Levy has got; he holds and retains it as a collateral security against the transaction. My brother gave him the money for the Columbian Stock, which he sold without any leave at all, and he holds that stock until this business is settled. I have not any other control over it, and must hand over the proceeds to Mr. Mariner.

7390. There appears to be Spanish passive stock to the amount of 50,000*l.*?—Mr. Mariner has sold part of it through my brother. It was 50,000*l.* stock.

7391. When was that?—I really do not know. I don't know that I have a control over it. I know I have a control over the Columbian, and I shall not give it back to Mr. Mariner till I get something for the loss of my business; and if I have a control over the passive, much as I like Mr. Mariner, I will not give him that.

7392. What is the value of the Columbian?—5000*l.* I did not give it to Levy; my brother gave it to Levy. He was hard up for money, and he gave him that as a sort of collateral security. He did very wrong, but he did it with a good intention; and Mr. Levy has got it and sold it, and he must deliver it to me at the market price at which it was on the day on which it was delivered to him. I did not borrow any money on that Columbian. At the time this was done I was up with the Chancellor of the Exchequer, enabling him to find out this matter, and my brother gave him this Columbian to help him through the day, and he will not give it up.

7393. Where is the Spanish passive stock deposited?—I think it is in the hands of Mr. Peter Anderson, or his partner.

7394. Under what circumstances do they hold it?—I do not know. I never deposited it with them; I did not know it at the time it was deposited. It was deposited by my brother Henry with Peter Anderson, by the order of Mr. Mariner as I believe.

[*The Witnesses withdrew.*]

Charles Price, Esq., further examined.

C. Price, Esq.

7395. Do you produce the accounts which have been called for?—I do.

5396. Were they made out by yourself from your own books, which have been produced to the Commissioners?—Yes.

7397. Do those books contain a correct account of the transactions?—Certainly.

7398. Are the accounts correctly taken out from the books?—They are.

(*The same were delivered in and read. Vide Papers I and K.*)

Paper I.

CONTAINING an Account of Exchequer Bills of 1000*l.* each deposited with Price and Co. by Ernest Rapallo during the Year 1841, as Security for Loans of Money, and since Redeemed or Exchanged for others, showing the dates of Deposit, Terms of Loan, Rates of Interest, and Periods of Redemption or Exchange.

Number and Description of Bills.	Amount.		Date of Deposit.	Terms and Renewals.	Rates of Interest.	Periods of Redemption or Exchange.	Present Holders.
7910 to 7930	2	2,000	May 13, 1841	To June 1, 19 days .	5 per cent.	June 1, 1841	Price and Co.
8470, 8471,	1	1,000	July 8, ,,	To Aug. 31, 54 days .	,,	Aug. 31, ,,	
8386, 8387,	20	20,000	July 31, ,,	To Aug. 31, 31 days .	,,	,, ,,	
7096	21	21,000	August 31, ,, Renewed.	To Sept. 30, 30 days .	,,		
	5	5,000	August 3, ,, Renewed. ,,	To Oct. 31, 31 days .	,,		
				To Sept. 3, 31 days .	,,		
				To Oct. 3, 30 days .	,,		
				To Nov. 3, 31 days .	,,		

Paper K.

Examinations.

C. Price, Esq.
13th July, 1842.

CONTAINING an Account of Exchequer Bills of 1000*l.* each, deposited with Price and Co., by Angelo Solari, during the Years 1836, 1837, 1838, 1839, 1840, 1841, as Security for Loans of Money, and since redeemed or exchanged for others, showing the Dates of Deposit, Terms of Loan, Rates of Interest, and Periods of Redemption or Exchange.

Number and Description of Bills.	Amount.	Date of Deposit.	Terms and Renewals.	Rates of Interest.	Periods of Redemption or Exchange.
	6 6,000	July 13, 1836	Collateral security for Promissory Note at 3 months.	4 per cent.	October 16, 1836
	10 10,000	August 1, ,,	Ditto	4½ ,,	November 4, ,,
	3 3,000	Sept. 3, ,,	Ditto	5 ,,	December 5, ,,
	2 2,000	Sept. 23, ,,	Ditto	5 ,,	December 26, ,,
	10 10,000	Nov. 4, ,,	Ditto	5 ,,	February 6, 1837
	10 10,000	February 6, 1837	Ditto	5 ,,	May 9, ,,
	10 10,000	May 9, ,,	64 days.	5 ,,	July 12, ,,
	1 1,000	July 12, ,,	48 ,,	5 ,,	August 29, ,,
	10 10,000	,, ,,	63 ,,	5 ,,	September 15, ,,
	10 10,000	Sept. 15, ,,	47 ,,	4½ ,,	November 1, ,,
	12 12,000	Nov. 1, ,,	Collateral security for Promissory Notes at 3 months.	4½ ,,	February 3, 1838
	12 12,000	February 3, 1838	1 month	4 ,,	March 6, ,,
	12 12,000	March 6, ,,	1 ,,	4 ,,	April 9, ,,
	2 2,000	April 4, ,,	5 days	5 ,,	,, ,,
	17 17,000	April 9, ,,	46 ,,	4 ,,	May 24, ,,
	17 17,000	May 24, ,,	2 months	4 ,,	July 27, ,,
	6 6,000	July 27, ,,	50 days	4 ,,	September 15, ,,
	1 1,000	,, ,,	54 ,,	4 ,,	September 19, ,,
	10 10,000	,, ,,	64 ,,	4 ,,	September 29, ,,
	10 10,000	Sept. 29, ,,	32 ,,	4 ,,	December 1, ,,
	10 10,000	Dec. 1, ,,	46 ,,	4 ,,	January 16, 1839
	8 8,000	Dec. 15, ,,	55 ,,	4 ,,	March 11, ,,
	12 12,000	January 30, 1839	41 ,,	4½ ,,	March 12, ,,
	2 2,000	February 5, ,,	27 ,,	4½ ,,	March 4, ,,
	2 2,000	,, ,,	34 ,,	4½ ,,	March 11, ,,
	2 2,000	Feb. 21, ,,	6 ,,	4½ ,,	February 27, ,,
	12 12,000	March 12, ,,	33 ,,	4 ,,	June 14, ,,
	2 2,000	June 25, ,,	9 ,,	4 ,,	July 4, ,,
	*1 1,000	,, ,,	98 ,,	4 ,,	October 1, ,,
	3 3,000	July 15, ,,	78 ,,	5½ ,,	,, ,,
	1 1,000	July 19. ,,	74 ,,	5½ ,,	,, ,,
	6 6,000	October 1, ,,	30 ,,	6 ,,	October 31, ,,
	6 6,000	October 31, ,,	30 ,,	6 ,,	November 30, ,,
	3 3,000	Nov. 26, ,,	35 ,,	6 ,,	December 31, ,,
	2 2,000	Nov. 29, ,,	32 ,,	6 ,,	,, ,,
	6 6,000	Nov. 30, ,,	31 ,,	7 ,,	,, ,,
	4 4,000	Dec. 30, ,,	29 ,,	6 ,,	January 28, 1840
	15 15,000	Dec. 31, ,,	31 ,,	5 ,,	January 31, ,,
	4 4,000	January 28, 1840	32 ,,	5 ,,	February 29 ,,
	15 15,000	Jan. 31, ,,	29 ,,	5 ,,	,, ,,
	1 1,000	Feb. 18, ,,	11 ,,	5 ,,	,, ,,
	20 20,000	Feb. 29, ,,	31 ,,	5 ,,	March 31, ,,
	22 22,000	March 31, ,,	30 ,,	5 ,,	April 30, ,,
	22 22,000	April 30, ,,	30 ,,	4½ ,,	May 30, ,,
	8 8,000	May 30, ,,	10 ,,	4½ ,,	June 9, ,,
	14 14,000	,, ,,	30 ,,	4½ ,,	June 30, ,,
	14 14,000	June 30, ,,	31 ,,	4½ ,,	July 31, ,,
	26 26,000	July 31, ,,	31 ,,	4½ ,,	August 31, ,,
	5 5,000	August 3, ,,	32 ,,	4½ ,,	September 4, ,,
	26 26,000	August 31, ,,	30 ,,	4½ ,,	September 30, ,,
	5 5,000	Sept. 4, ,,	29 ,,	4½ ,,	October 3, ,,
	26 26,000	Sept. 30, ,,	31 ,,	5 ,,	October 31, ,,
	5 5,000	October 3, ,,	31 ,,	5 ,,	November 3, ,,
	26 26,000	October 31, ,,	30 ,,	5 ,,	November 30, ,,
	5 5,000	Nov. 3, ,,	30 ,,	5 ,,	December 3, ,,
	26 26,000	Nov. 30, ,,	31 ,,	5½ ,,	December 31, ,,
	5 5,000	Dec. 3, ,,	32 ,,	5 ,,	January 4, 1841
	26 26,000	Dec. 31, ,,	30 ,,	5 ,,	January 30, ,,
	5 5,000	January 4, 1841	30 ,,	5 ,,	February 3, ,,
	26 26,000	Jan. 30, ,,	28 ,,	5 ,,	February 27, ,,
	5 5,000	Feb. 3, ,,	28 ,,	5 ,,	March 3, ,,
	26 26,000	Feb. 27, ,,	32 ,,	5 ,,	March 31, ,,
	5 5,000	March 3, ,,	30 ,,	5 ,,	April 3, ,,
	20 20,000	March 31, ,,	30 ,,	5 ,,	April 30, ,,
	5 5,000	April 3, ,,	31 ,,	5 ,,	May 3, ,,
	20 20,000	April 30 ,,	31 ,,	5 ,,	May 31, ,,
	5 5,000	May 3, ,,	31 ,,	5 ,,	June 3, ,,
	20 20,000	May 31, ,,	30 ,,	5 ,,	June 30, ,,
	5 5,000	June 3, ,,	30 ,,	5 ,,	July 3, ,,
	20 20,000	June 30, ,,	31 ,,	5 ,,	July 31, ,,
	5 5,000	July 3, ,,	31 ,,	5 ,,	August 3, ,,

7399. That account does not appear to state the original periods of the loans in each case, but only the time during which the money remained outstanding?—Yes; in many cases it would be impossible. We know that he had it so long, for those are the days on which it was paid off and the interest charged. It was optional with him then to pay it off; the customer of the house exercises that option.

7400. That is your way of doing that sort of business?—Yes, latterly; it was always taken from month to month. Sometimes the loans were payable on demand.

Examinations.

C. Price, Esq.
13th July, 1842.

7401. Does it occur in any instances that the periods were longer than a month?—In one or two instances it appears to have been so; in 1836 it appears to have been for three months.

7402. At what per centage?—At 4 per cent., and again in 1837, for three months, at 4½ per cent.

7403. Did Solari, or Rapallo, at any time deposit with you any other securities besides Exchequer Bills?—We have discounted bills of exchange for Solari, but no other securities, that I recollect.

7404. Nor Rapallo?—Certainly not Rapallo, I think; in saying this I am speaking only from memory.

7405. How were you originally introduced to Solari?—He was introduced to us as a man of some little property, but I do not know by whom he was introduced; he was known to several of our friends, but I have no memorandum of who the party was.

7406. Do you recollect the date?—Yes, it was in 1836.

7407. In what part of 1836?—It was in the middle of 1836.

7408. When does the account begin?—The account begins in July; it must have been very shortly before that; it must have been quite the commencement of the account.

7409. What did you know of the circumstances and situations of Rapallo at any time during your connection with him, except that he was introduced to you, as you formerly stated, by Mrs. Solari?—We knew nothing of him; he did not before that keep his account with us.

7410. What did you know, during Solari's life-time, of his circumstances and manner of life?—He was always represented to us as a man of considerable property, and we asked him the questions we usually do when a person opens an account. He said he was a man of some property, that his money was invested in Exchequer Bills and English securities in great part, but that he bought other securities, and if he wanted any accommodation from us it would be on Exchequer Bills.

7411. Did you know where he lived?—We knew at the time.

7412. Did you know where his office was?—Yes, our clerk did.

7413. Did you know what business he carried on?—No, he always represented that he had little speculations in foreign stock; I think more than anything we could see, by the nature of his transactions, that they were of that kind.

7414. Did you know of his transactions in the foreign stocks, besides what he represented to you?—No, only what appeared on his account in foreign stocks on settling days.

7415. You stated on the former occasion that Solari was known to some of your friends, and that one represented him as a millionaire; can you state the name of the person referred to?—Yes, I have found out by accident that it was a Mr. Brown.

7416. Who is Mr. Brown?—He is a merchant in the City; George and James Brown. It was Mr. George Brown.

7417. Did he give you any further particulars about him?—No, it was in conversation. We are directors of a society together; we were conversing, and it was on that occasion he stated it. I happened to be mentioning the circumstance, and he said, "Why it was I who said so." I had forgotten who had said it.

7418. Did you ever hear from Solari whether he was acting for himself or for a principal?—He always said he was acting for himself. He appeared, like many of our friends, buying and selling foreign securities.

7419. You understood him, throughout your transactions with him, to be acting for himself and not for a principal?—Oh yes.

7420. Did you know how he obtained the Exchequer Bills which were from time to time deposited, and where they came from?—No, I understood them to be his own property; he always represented so.

7421. Did you know anything of his stock transactions, except by such statements as he might himself have made to you?—No, we could know nothing of them at all.

7422. Did it occur to you as remarkable that he should deposit Exchequer Bills so frequently to so large an amount?—No, not coupled with the explanation which he gave when he commenced the account that if he wanted money he should deposit Exchequer Bills, and his requesting to know whether we should have any objection to that, and we said No, certainly not. He said, "I have other securities, and to enable me to hold them I shall deposit Exchequer Bills."

7423. Did it not occur to you that the Exchequer Bills might be sold to advantage, rather than be deposited at the rates of interest at which they were deposited?—I did not know the transactions he was engaged in and therefore could not judge.

7424. Did it not occur to you as extraordinary that he should have deposited them so frequently at the rates of interest they bore?—No, we see those things so frequently; if my attention had been directed to it I might have asked the question.

7425. Your attention was not directed to it, and you did not ask the question?—No.

7426. The same statement applies to Rapallo?—Yes.

7427. Do you consider this as altogether an usual account?—Oh yes, these accounts are not very common accounts.

7428. Is there any other party with whom you have an account of this description?—No, not precisely; I cannot say in what respect it differs from others.

7429. Is there any individual with whom you have an account who has deposited Exchequer Bills with anything like the same frequency, or to the same amount?—No, I do not know at present that we have such an account.

7430. You were asked some questions as to the manner in which the rates of interest were regulated; can you make any further statement on that subject?—Our rule was always to charge the Bank rate of interest.

7431. Was that rule adhered to?—In the great majority of cases it was; but, in times of great scarcity of money, there have been some, but very few exceptions. I see that on one occasion only it was not. It was an extraordinary case that occurred with reference to another party on a foreign settlement day, and it was a sacrifice on our part; I find that we lent money on that day at 8 per cent.

7432. You have stated that you understood Solari to be dealing for himself, and not for any other party; is it usual for an individual acting for himself to invest his money so largely in Exchequer Bills, and to deposit the Exchequer Bills on loan?—No, I do not know that it is; certainly not in ordinary times.

7433. In cases of deposit for safe custody, does it occur that private individuals have very large amounts of Exchequer Bills?—Yes, certainly.

7434. Would those, in general, be isolated transactions when there was a deposit of a very large amount, or is it common that there should be such deposits repeatedly during long periods of time?—Yes,

7435. Supposing a deposit for safe custody, there would have been nothing in the frequency or the amount of those transactions which would have been remarkable?—I do not know that there would, coupled with other circumstances; there might be something remarkable in it, but I am not aware of anything.

7436. Can you state any instances in which such amounts of Exchequer Bills have been deposited for long periods of time for safe custody?—I cannot off hand, certainly; I recollect one just bearing on it; I think eighteen or twenty thousand pounds, which was with us for seven or eight years for safe custody.

7437. Were the 21,000*l.* and 5,000*l.* which appear the last two items in your account, subject to be recalled on demand?—No; they were lent for a month and subsequently renewed.

7438. The advance of those two sums was to Rapallo himself?—It was.

7439. Can you state what passed on the occasion of the advances made to Rapallo. What application did he make?—The application was merely that in winding up Solari's affairs he had to carry on the transactions, and if it suited us he should be glad if we would lend him money on the same terms, and we said yes, for winding up those matters and on Exchequer Bills we would continue it; we did not trust him on anything else.

7440. The Exchequer Bills deposited were to the amount of the principal sums advanced?—Yes.

7441. You had no cover for the interest beyond the accumulation of the interest on Exchequer Bills and the premium?—And what money he might keep on his account.

7442. Had he money with you on account?—Yes.

7443. In general what was the state of his cash account?—It was a mere trifling account; one hundred pounds or a couple of hundred pounds, that was as much as he had, it was only a winding up account.

7444. Was that the case with Solari?—No; he kept a better account; he had 1000*l.* and 1400*l.* on his account.

7445. It was stated by Sir Charles Price on the former examination that Solari appeared to him to be a general jobber, a man turning his capital any way he could make it pay. Had you any knowledge of his circumstances except on his own statement?—No, only that we could see he was a director of several companies.

7446. Of what companies was he a director?—He was a director of the Brighton Railway, a bituminous company whose works were on the banks of the river near Limehouse, and I think he was concerned in a slate company.

7447. What did you know about his being a general jobber?—Nothing more than that he was a general jobber; he was a holder of various securities, according to his own account, and we used to have on settling days large sums passing through his account; we had no knowledge of facts or inspection of books.

7448. Did you understand his business to be speculating; that he was engaged in the speculating market?—Certainly.

[*The Witness withdrew*]

Adjourned till to-morrow at 11 *o'clock.*

Thursday, 14th July, 1842.

The EARL of DEVON in the Chair.

Mr. *Lewis Michael Simon* sworn and examined.

7449. What is your line of business?—I am a stock broker.

7450. Have you seen an account made out by Mr. Hichens relative to loans with you on Exchequer Bills, commencing April 15th, 1841, in which there is a sum of 30,000*l.* at 3½ per cent. on the 25th of May?—I am aware of the account; I have it in my book.

7451. Will you refer to the account contained in page 254, as made out by Mr. Hichens, and compare it with your book, and state whether it is correct?—(*The account was shown to the Witness, and he examined it.*)—It corresponds with my account; I have my books here verifying the transaction.

(*The same were produced and inspected by the Commissioners.*)

7452. Do those books you produce contain a correct account of your transactions?—They do.

Examinations.

Mr. L. M. Simon. 14th July, 1842.

7453. They are regularly kept?—They are from day to day.

7454. Were the loans you have mentioned on Exchequer Bills?—They were the same amount of Exchequer Bills as the money.

7455. Were any of those Exchequer Bills in the schedule of this Act of Parliament; or at all connected with this inquiry?—No, not at all, they were paid off.

[*The Witness withdrew.*]

Mr. *John Henry Linton* sworn and examined.

Mr J. H. Linton.

7456. What is your line of business?—A stock broker.

7457. Have you happened to have seen the account prepared by Mr. Hichens (*page* 254) as to loans with you on Exchequer Bills or India Bonds?—I had loans with Mr. Hichens.

7458. Will you compare that account as far as it relates to the transactions with you with your books, and state whether it corresponds with the transactions as they appear in your books?—(*The Witness compared the same.*)—It corresponds with my account.

7459. Is the book you produce regularly kept?—Yes, it is a memorandum of loans entered into at that time, and marked off as the transactions were finished.

7460. It is a correct account of the transactions referred to?—It is.

7461. Were any or each of those loans on the deposit of Exchequer Bills?—The first apparently at 6 per cent, from May the 6th; that was carried on from April; that was on Exchequer Bills; the rest would be on India Bonds.

7462. What rate of interest would be borne by those India Bonds?—Three per cent.

[*The Witness withdrew.*]

Mr. *Robert Barnett* sworn and examined.

Mr. R. Barnett.

7463. What business does your house carry on?—We are stock brokers, under the firm of Tucker and Barnett.

7464. Will you look at the account which has been delivered in by Mr. Hichens (*page* 254) of the transactions with your house, and state whether that account corresponds with the books you now produce?—(*The Witness compared the accounts with the book produced by him.*)—It corresponds perfectly.

7465. On what security were those loans?—Those were exclusively on Exchequer Bills.

7466. The dates appear to have been in the year 1839?—Yes.

7467. Do you recollect what rate of interest Exchequer Bills then bore?—I do not at this moment; about 3½ per cent. I should think. We have a great many entries of loans contemporary with these with other parties, bearing a rate of interest quite commensurate with these.

7468. In the year 1839 money was particularly scarce?—The Bank at that time was discounting at 6 per cent., and money was extremely difficult.

7469. Did that apply to the early part of 1839 as well as the latter part?—Money in February appears to have been extremely easy; money was at 2½, 3, and 4 per cent; it appears to have risen in July, and subsequently to have continued high.

7470. Those loans being on Exchequer Bills bearing the interest you have mentioned, would there not be a considerable loss sustained by the difference between the interest which the Exchequer Bills bore and that which you were paying?—Undoubtedly, but in some instances instead of money being employed out at interest persons hold what they call their rests in Exchequer Bills, so that if there be a sudden demand they can avail themselves of those bills to borrow money upon them, so that the loss is only a loss on the interest they pay as compared wtth the interest on Exchequer Bills, and not always that, for they may charge a high rate of interest; in consequence of being able to pay it they might indemnify themselves by the interest they would receive.

[*The Witness withdrew.*]

Mr. *Samuel Frampton Stallard* sworn and examined.

Mr. S. F. Stallard.

7471. In what line of business are you?—I am a general dealer on the Stock Exchange, dealing on my own capital.

7472. Do you advance money on securities and borrow money on securities?—Yes; in fact, I am what is called in general a jobber on my own capital. I often borrow money, and often lend money.

7473. Had you a transaction on the 13th of May, 1841, with Mr. Hichens?—I borrowed of him 8000*l.*

7474. At how much per cent.?—At 6 per cent.

7475. The 21st of May?—Yes; on the 21st of May I borrowed of him about 15,000*l.*, at 7 per cent.

7476. You have not got your books with you?—No; but my clerk, under my direction, has made out the account in my hand from the books.

7477. Have you any such general recollection of the transactions as to enable you to speak to their correctness?—I have no hesitation in saying that they are correct. I have a sufficient recollection for that.

Examinations.

Mr. S. F. Stallard.
14th July, 1842.

7478. There appears to have been another transaction on the 4th of June?—It appears by my account that I borrowed of him 10,000*l.* at 7 per cent.

7479. Do you find a transaction on the 10th of June?—On the 11th of June I had a transaction of borrowing 3000*l.* at 6 per cent.

7480. Do you then find another transaction on the 19th of June?—I borrowed of him on that day 5500*l.*, and 1500*l.* and odd, making 7000*l.*; it was all borrowed at 6 per cent., according to my account.

7481. With respect to all these, does your recollection serve you to speak to their accuracy?—I have no doubt of the accuracy of all of them.

7482. Were those loans on the deposit of stock?—All those loans were on the deposit of stock; sometimes Reduced Three and a Half, sometimes an Annuity of 1200*l.* a-year.

7483. Were any on Exchequer Bills?—No; mine were all on stock, my dealings being principally in stock.

7484. Can you state in general whether those were the ordinary rates of interest at the time on similar transactions?—I have no hesitation in saying that they were, from my general mode of business.

[*The Witness withdrew.*]

Mr. *Edward Mortimer* sworn and examined.

Mr. E. Mortimer.

7485. Are your firm stock-brokers?—Yes.

7486. Have you brought your books with you?—I have not. I have examined them, and have made an extract, which was checked by myself, and I know it to be correct.

7487. Do you find an entry of a transaction on the 25th of May, 1841, with Messrs. Hichens and Harrison?—I do.

7488. Will you state the transaction?—I borrowed 10,000*l.* of them on Exchequer Bills, at 5 per cent., to the 16th of July. During the period of the exchange it was on other securities.

7489. How long did that remain on loan?—Till the 16th of July. On the 7th of June the bills were changed, and I substituted India Bonds for them.

7490. The Exchequer Bills were advertised to be exchanged or paid off?—During the period for which I had borrowed the money they were advertised, and I withdrew 10,000*l.* Exchequer that I might exchange them, and gave him in lieu India Bonds; or it probably might be 5000*l.* India Bonds and 5000*l.* Exchequer.

7491. Had you a transaction on the 17th of August?—Yes; one of the same description on 15,000*l.*, at 5 per cent., to the 26th of August. On the 26th of August I took out a new loan, or commenced a new one, at 4½, till the 16th of September; then I went on to the 14th of October, at 5 per cent. All that was on Exchequer Bills.

7492. On the 5th of October was there a loan?—Yes; on stock, at 6 per cent., to the 14th of October.

7493. Was there any on the 21st?—Yes; a loan on Exchequer Bills, at 5 per cent., to the 25th of November. Then on the 23rd a further loan, at 5 per cent., to the 25th of Novem ber. The last was on India Bonds.

[*The Witness withdrew.*]

Mr. *William Herbert Mullens* further examined.

Mr. W. H. Mullens.

7494. You are in partnership with Mr. Cole, and are brokers to the Bank of England?—Yes.

7495. Have you brought the books of your firm with you?—I have.

7496. Will you give the particulars of the transactions of your house with Hichens and Harrison on the following dates: first, the 14th of October, 1841?—On the 14th of October we borrowed of Mr. Hichens 17,600*l.*, at 5 per cent., on the security of consols.

7497. Do you find another transaction on the 15th of October?—Yes; we borrowed 22,000*l.* of them, at 4 per cent., to the 24th of November, on consols.

7498. Do you find another transaction on the 18th of October?—We borrowed 40,000*l.* at 5 per cent. to the 25th of October.

7499. The 20th of October?—We borrowed 8000*l.* of them, and a further sum of 17,800*l.* on the security of stock at the rate of 5 per cent.

7500. Do you find another transaction on the 23rd of October?—There was 30,000*l.* we borrowed of them that day on Exchequer Bills at 5 per cent. interest.

7501. The 25th of October?—19,000*l.* was borrowed of them also on Exchequer Bills at 5 per cent. to the 1st of November.

7502. Will you cast your eye over this account produced by Mr. Hichens, of loans with you in 1839, and state whether it corresponds with your books? (*The Witness looked through the same.*)—It is correct.

7503. Have the books to which you refer been correctly kept?—Certainly.

7504. Can you state from what time—In the year 1839 money became scarce?—Yes; it began to increase in value in the month of June, 1839; the Bank of England raised their rate of discount to 5½ per cent. at that period, and they refused to make advances on Exchequer Bills which had a still more important effect.

[*The Witness withdrew.*]

Examinations.

Mr. *Archibald James Brunton* sworn and examined.

Mr. A. J. Brunton. 14th July, 1842.

7505. You are a stock-broker?—I am.

7506. Have you brought with you the books of your house?—I have. (*Producing the same.*)

7507. Was there a loan transacted between you and the house of Hichens and Harrison?—Yes.

7508. At what time did that loan commence, and at what time was it paid off?—The transaction between Hichens and me commenced November 27th, 1839, and was entirely paid off in November, 1841.

7509. At what rate of interest did that loan begin?—At 8 per cent.

7510. What was the rate of interest on the 15th of April, 1840?—4 per cent.

7511. What was it on the 25th of May, 1840?—5½ per cent.

7512. How long was that rate continued?—Till the 14th of July.

7513. After the 14th of July, at what rate of interest did it stand?—At 5 per cent., till the 27th of August.

7514. From the 27th of August what was the rate of interest?—4 per cent. to the 14th of October; then to the 26th November at the same rate; then to January, 1841, at 6 per cent.; to February 25th at 5½ per cent.; to April 13th at the same rate; to May 25th at 4 per cent; to July 16th at 5½; to the 26th of August at 4 per cent.; to the 15th of October at 5½; and to the 25th of November at 5½.

7515. Was there any request to continue the account?—Not by them; the request was on my part.

7516. To what time did you want it to be continued?—To the next settling day.

7517. At what rate of interest?—I asked them to continue the loan, but on different rates of interest.

7518. Did you state to them at what rate of interest you wished them to continue the loan?—No; but I can state at what I did continue it with other persons.

7519. How long did you continue it altogether?—I gave 6 per cent. for it after that up to the 14th of January, the next account day.

7520. Did it continue with other persons for a considerable further period?—It did.

7521. This was a deposit on Bank stock?—Yes.

7522. What interest did Bank stock bear at that time?—7 per cent.

7523. What was the price of Bank stock during that time?—It fluctuated from about 178 to about 166.

7524. The particulars you have given appear in the books you now produce?—Yes. I have referred to every entry.

7525. Those books have been regularly kept?—They have.

7526. Do you consider that there was anything particular in those transactions with Messrs. Hichens—anything out of the common course?—Nothing at all.

[*The Witness withdrew.*]

Mr. *Charles Frederick White* further examined.

Mr. C. F. White.

7527. Will you turn to the account of Messrs. Glyn, of December, 1840, and state whether you find a draft drawn by Fryer and Co., of the Blandford bank, in favour of J. W. Scott, for 5000*l.*?—There was; I have examined the books this morning to identify the payment.

[*The Witness withdrew.*]

Mr. *Harry Tomkins* further examined.

Mr. H. Tomkins.

7528. You stated, on a former examination, that you received the remuneration of the difference of a half per cent. in your transactions with Mr. De Berckem; was this in consequence of any agreement or understanding on that subject which prevailed between you?—It was.

7529. Was it subject to any and what exception?—There was no exception agreed upon, but when I changed from a large loan of 10,000*l.* to 1000*l.* to another person at a different rate per cent., I did not alter my books, but I mentioned that I had altered the rate; he replied, it made no difference to our account, and therefore was of no consequence; and being but one loan of 10,000*l.* or 12,000*l.* as the case may be, which may account for the difference of more than a half per cent. in one or two instances.

7530. You were understood to state, on your former examination, that the period for which your loans with De Berckem were originally made was subject to recal on demand?—Yes.

7531. Were there any exceptions?—No; none with De Berckem.

7532. Did you ever hear of a circumstance which occurred with respect to Mr. De Berckem, that he had made search after a set of bills which had been delivered by mistake to another party instead of being returned to him?—Not a word till now.

7533. At the time when your transactions with De Berckem began how long had you been in business for yourself?—About seven or eight years; but I had been for upwards of 20 years on the Stock Exchange as clerk and member.

[*The Witness withdrew.*]

Mr. *John Wray Scott* further examined.

Examinations.

Mr. J. W. Scott. 14th July, 1842.

7534. It appears by your former examination that the bill, No. 7056, was retained in your hands till it was delivered up by you under this commission, under what circumstances was it so retained instead of being sent up to the Exchequer Bill Office for examination?—When Mr. Clapcott left town he left that bill, No. 7056, with me to take the steps I thought most prudent with it, and I retained it until the communication I had with Lord Monteagle, and soon after saw that it was included in the schedule, and therefore detained it until I was summoned to give evidence before this commission, when I gave it up.

7535. What was your reason for not taking it up to be examined?—I think I before stated that I had every reason to suppose that being consecutive to the four others it did not correspond with the counterfoils; we attempted to fund them and they were impounded, and I concluded it being consecutive it was of the same character.

7536. The remuneration received by you from De Berckem on the loans you effected on his account would appear to have been at the rate of a half per cent. per annum?—Yes.

7537. Was that the result of any agreement or tacit understanding between you?—It was done as being the regular charge in the market; it will be seen in some of the early transactions, where a high rate of interest was given, that I charged one per cent., and three-quarter per cent., and a quarter per cent. on one transaction, but I very soon brought it to a regular charge of a half per cent.

7538. Was there any particular reason for that exception?—The rate of interest was very high, and I thought one per cent. did not appear to be too much to charge upon it.

7539. That was the single exception from that course of dealing?—Yes.

7540. Did any agreement or understanding exist between you and De Berckem upon the subject of your being remunerated at the rate of a half per cent. per annum?—No agreement existed, but it was an understood thing as being the usual course of the market that the half per cent. was the remuneration in such transactions.

7541. During the period of the transactions to which both your accounts refer, for what period were the loans made by you to De Berckem generally made?—Fourteen days the early ones, afterwards they were increased to the periods the account shows them to be one month and two months, it is considered to be a month or notice if notice was given.

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'clock.*

FRIDAY, 15th July, 1842.

The EARL of DEVON in the Chair.

Mr. *Henry Dixon* further examined.

Mr. H. Dixon.

7542. Did Mr. Morgan on the 14th of July, 1841, pay into the Bank of England 13,000*l.* Bank notes, and if so, what were their numbers?—He paid into the Bank numbers 37,617, 39,063, 36,982, 39,624, 40,011, 41,630, 65,063, 43,651, 43,652, 43,653, 43,654, 43,655, and 43,656.

7543. On what account was that payment made?—It was made in discharge of two loans of 10,000*l.* and 3000*l.*

7544. Were any Exchequer Bills then given up to him?—Yes, 13,000*l.*

7545. Can you state their numbers?—8407, 8408, 8409, 8410, 8411, 8412, 8413, 8414, 8415, 8416, 8461, 8462, and 8463, all notes of 1000*l.* each.

7546. Had those bills been deposited by Mr. Morgan with the Bank on loan?—They had.

7547. Did the Bank of England through Messrs. Cole and Mullens borrow any money for a certain time on the 15th of October, 1841?—Yes, they borrowed 52,800*l.* on 60,000*l.* Consols, and also on the 16th of October 43,750*l.* on 50,000*l.* Consols.

7548. Do you know at what rate of interest that was borrowed?—I think at 5 per cent.

7549. Was any, and what part of that sum borrowed of Hichens and Harrison?—That I do not know.

7550. It was done through Cole and Mullens?—It was.

7551. Can you give the Commissioners a statement as to the rates of interest charged by the Bank of England on advances from the year 1835?—I can.

The statement was read as follows:—

Examinations.

Mr. H. Dixon.

15th July, 1842.

Date of Order of Court.	Description of Notices given.	Rate of Interest.
1835, December 31 .	Extension of time for repaying advances made under previous orders of Court .	3½ per cent.
1836, January 28 .	Further extension of time, and additional advances made	Ditto.
June 2 . .	Usual notice, Bills of Exchange, Exchequer Bills, &c.	4 per cent.
July 14 . .	Extension of time for repaying	Ditto.
September 1 .	Usual notice, Bills of Exchange, Exchequer Bills, &c.	5 per cent.
November 19 .	Ditto ditto . . .	Ditto.
1837, January 16 .	Extension of time for repaying	Ditto.
March 2 . .	Usual notice limited to Bills of Exchange .	Ditto.
June 1 . .	Ditto ditto . . .	Ditto.
September 7 .	Ditto ditto . . .	4 per cent.
November 30 .	Ditto ditto . . .	Ditto.
1838, March 1 . .	Ditto ditto . . .	3½ per cent.
May 31 . .	Ditto ditto	Ditto.
September 6 .	Ditto ditto . . .	Ditto.
November 29 .	Usual notice, Bills of Exchange, Exchequer Bills, &c.	Ditto.
1839, February 28 .	Ditto ditto . . .	Ditto.
May 30 . .	Ditto ditto . . .	5 per cent.
June 20 . .	Rate increased to	5½ per cent.
September 5 :	Usual notice limited to Bills of Exchange .	6 per cent.
November 28.	Ditto ditto . . .	Ditto.
1840, February 27 .	Usual notice, Bills of Exchange, Exchequer Bills, &c.	5 per cent.
May 28 . .	Ditto ditto . . .	Ditto.
September 3 .	Ditto ditto . . .	Ditto.
November 26 .	Ditto ditto . . .	Ditto.
1841, February 25 .	Ditto ditto . . .	Ditto.
May 27 . .	Ditto ditto . . .	Ditto.
September 2 .	Ditto ditto . . .	Ditto.
November 25.	Ditto ditto . . .	Ditto.
1842, February 24 .	Ditto ditto . . .	4 per cent.
May 26 . .	Ditto ditto . . .	Ditto.

M. Marshall, Chief Cashier.

Bank of England, June 10, 1842.

7554.* What were the periods at which the books of the Bank were shut for dividends in the year 1841?—I have the statement (*producing the same*).

7555. Those are the only times at which you make advances to the public—Yes.

7556. What is the time for which they are generally closed?—About six weeks.

The statement was read as follows:

* There is no omission here. See Note, p. 5.

The Books for the Consols and Reduced Shut for the Dividends at the following periods :— Examinations.

Consols.	Reduced.
2 December, 1835.	3 March, 1836.
2 June, 1836.	1 September, 1836.
1 December, 1836.	2 March, 1837.
1 June, 1837.	1 September, 1837.
1 December, 1837.	2 March, 1838.
5 June, 1838.	4 September, 1838.
5 December, 1838.	1 March, 1839.
4 June, 1839.	4 September, 1839.
4 December, 1839.	28 February, 1840.
3 June, 1840.	2 September, 1840.
2 December, 1840.	3 March, 1841.
3 June, 1841.	2 September, 1841.
2 December, 1841.	2 March, 1842.
1 June, 1842.	

Mr. H. Dixon.
15th July, 1842.

G. E. Gray, Deputy Accountant.

Bank of England, July 15, 1842.

Mr. *James Morgan* sworn and examined.

Mr. J. Morgan.

7557. You are one of the partners in the house of Messrs. Morgan?—I am.

7558. What is the firm?—William and James Morgan.

7559. Have you been yourself actively engaged in the business of that house?—Certainly not, it is totally out of my department. I never raised a loan for either Solari or Rapallo in my life; my department is merely signing cheques.

7560. You are aware of the nature of the inquiry which the Commissioners are pursuing under the Act of Parliament; have you personally any information to give, or any wish to make any statement?—I have not.

7561. Have you been from time to time cognizant of the dealings of the house in a general way?—Certainly I have, from the conversations I have heard in the office I knew what was going on.

7562. But you were never personally in contact with Solari or Rapallo in business?—Never.

7563. Have you seen the account which Mr. William Morgan has delivered in?—Yes, I looked over it.

7564. Are you cognizant enough of the transactions to know whether it is accurate?—No, I am not. I have nothing at all to do with the books; Mr. Cook, our clerk, is the person to whom we leave that entirely. These (*producing them*) are the shares in the Asphaltum Company; there are 1000 shares in the British Asphaltum and British Coal Company.

(*The same were delivered in and inspected by the Commissioners.*)

[*The Witness withdrew.*]

Adjourned till to-morrow at 11 *o'Clock.*

Saturday, 16th July, 1842.

The EARL of DEVON in the Chair.

Mr. *John Hale* sworn and examined.

Mr. J. Hale.

7565. You are clerk of Jones Loyd and Co.?—Yes; my department is that of cashier of the house.

7566. Have you your books for May, 1836?—I have.

7567. Will you turn to the account of E. L. Morgan, if the account is kept in his name?—It has been for the last six or seven years. I have the book here.

7568. Refer to the 9th of May, 1836, and state whether there was a draft drawn by Edward Lloyd Morgan?—Yes, payable to Solari for 1500*l.*, partly in Bank notes and partly in cash.

7569. Can you state the numbers of the notes?—5629, of the 31st of March, 1836, for 40*l.*; 10,416, of the 15th of April, 1836, for 50*l.*; 8126, of the 18th of April, 1836, for 200*l.*; 8123, of the same date, for 200*l.*; 8974, of the same date, for 1000*l.*; and 10*l.* in cash.

7570. Will you turn to your book for the 13th October, 1841, and state whether there was a draft drawn by Edward Lloyd Morgan in favour of Rapallo?—Yes, for 1000*l.*

7571. On the 15th of October do you find a draft drawn by E. L. Morgan?—Yes, for 11,000*l.*, paid to the debit of E. L. Morgan, and another for 5000*l.* on the same day. That appears to be a day on which the account was settled in the foreign house, and the clerk has only put the initial C., instead, probably, of cash, to the first, and R. to the last, instead of Rapallo.

7572. On the 16th of October do you find a draft for 5000*l.*?—Yes, payable to cash.

7573. Do you find another draft on the 21st of October?—Yes, for 15,000*l.*, payable to cash.

Examinations.

Mr. J. Hale.

16th July, 1842.

7574. Did Solari keep an account at your house?—Yes, for two or three years.

7575. Do you know when it commenced?—This (*producing it*) is the signature-book of the house, in which all persons who open accounts at our house write their names, and the mode of introduction. Angelo Solari was introduced to us by letter of Mr. William Morgan, dated the 30th of June, 1836, and he opened his account the 2nd of July, 1836. Mr. William Morgan is an old connexion of the house; the account appears to have been closed on the 1st of September, 1838, by a cheque drawing out the balance.

7576. During the currency of that account did he apply to your house for loans on Exchequer Bills?—I cannot say; that would not pass through my hands.

[*The Witness withdrew.*]

Mr. *William Mariner* further examined.

Mr. W. Mariner.

7577. Have you brought the securities to which you referred in your evidence?—I have.

7578. Are those you now produce all the shares you have?—Yes.

(Mr. Mariner produced Spanish passive Bonds to the amount of 22,950*l.* 100 certificates of 5 shares each in the British Asphaltum and Patent Coal Company, and 316 shares in the Anti Dry Rot Company.)

7579. Does this paper now produced by you contain an account of Spanish passive Stock sold by you, and also what you now retain?—Yes.

7580. Have you in point of fact sold the various sums of Spanish passive Stock here stated to have been sold?—I have.

7581. For the sums here set against them?—I have.

7582. At what do you value the 22,950*l.* now in hand?—The price is 4*l.* per cent.; it could be all replaced for about 4*l.* per cent.

7583. Are the dates which appear here the dates at which you made those sales?—Yes, they are.

7584. Does the 4219*l.* 5*s.* 10*d.* remain now in cash, or has it been converted into any and what property?—I have it partly in cash, and partly I have had to take up the shares of my own company, on which I have borrowed money. I have taken some for my own living the last eight months.

7585. Those sales have taken place since the period referred to in the account you have produced, when you stated a balance of 76*l.* 9*s.* 7*d.*?—Yes.

7586. You consider yourself answerable for that amount of 4219*l.* 5*s.* 10*d.*?—Certainly.

7587. The amount of stock of which the paper now given is an account, is the same as is referred to at the bottom of your account current with Mr. Rapallo?—It is.

7588. The Commissioners understand that you have no other property belonging to Rapallo in your custody or under your control?—None whatever.

The account delivered in by the Witness was read as follows:—

ACCOUNT of Spanish Passive Stock sold by William Mariner, being part of the 102,000*l.* under his control, as specified in his Account Current with E. Rapallo.

1841.	£.	£.	*s.*	*d.*
December 9 . .	Sold 4,080 at 5⅞ . .	237	3	0
,, 10 . .	,, 2,040 at 5½ . .	110	18	6
1842.				
January 6 . .	,, 3,060 at 5 1/16 . .	175	19	0
,, 7 . .	,, 5,100 at 5 1/16 . .	293	5	0
,, 13 . .	,, 4,080 at 5¾ . .	232	1	0
,, 26 . .	,, 6,120 at 5¾ . .	348	1	6
,, 27 . .	,, 2,040 at 5⅝ . .	113	9	6
,, 27 . .	,, 10,200 at 5⅝ . .	567	7	6
,, 31 . .	,, 2,040 at 5¾ . .	116	0	6
,, 31 . .	,, 11,220 at 5½ . .	610	1	9
February 3 . .	,, 5,100 at 5½ . .	277	6	3
,, 14 . .	,, 5,100 at 5½ . .	277	6	3
March 28 . .	,, 3,060 at 5⅛ . .	154	18	3
May 10 . .	,, 2,040 at 4¾ . .	95	12	6
,, 25 . .	,, 10,710 at 4½ . .	475	5	1
June 2 . .	,, 1,020 at 4⅜ . .	43	19	9
,, 2 . .	,, 2,040 at 4½ . .	90	10	6
	79,050 sold.	£4219	5	10
	22,950 in hand.			
	£102,000			

WILLIAM MARINER, 16th July, 1842.

[*The Witness withdrew.*]

Adjourned.

SATURDAY, 23rd July, 1842.

The EARL of DEVON in the Chair.

Mr. *William Morgan* further examined.

Examinations. Mr. W. Morgan. 23d July, 1842.

7589. The Commissioners do not distinctly collect at present the circumstances under which you handed five bills to Edward Sherman, will you state shortly the circumstances under which you handed those bills to Sherman, and the purpose for which you placed them in his hands?—Mr. Sherman felt very much alarmed; he came to our house and said, "Mr. Morgan, I am afraid that these Exchequer Bills are bad which you have given me—have you got any others?"

7590. Can you state the day?—I think it was about the 25th. "Yes," says I, "we have; we have got 5000*l.* that we have had examined, and I cannot conceive why you should be alarmed. I believe they are all good, if these five are good." Said he, "Well, I do not know. I cannot get up to examine my bills; would you have the kindness to let me look at those." "Yes, I have no objection," said I. "And you might take those five, and leave me five you have got if you like it better." "Oh dear no," says he, "there is no occasion for that. I will go and have mine examined as a matter of course, but as you have had the five examined, I suppose it is all right; but, by-the-bye," says he, "I should like to take them to Robarts's to show them to him, for I may want something upon my bills, and you cannot raise money on Exchequer now there is such a panic." "Oh," said I, "certainly you may take them to Robarts's, but bring them back." And we gave him the 5000*l.* to take to Robarts's, and he never returned them; and on applying to him again, he says, "Oh, they are perfectly safe, Mr. Morgan, if you wish to have them." I said "I should be glad to have them, because they belong to other persons." But he put it off from time to time, and never returned them.

7591. To whom did you mean that they belonged?—They belonged to Mr. Inglis; we had put them by with some Spanish for Mr. Inglis.

7592. You stated on a former occasion that you put them aside instead of some Spanish?—Yes, that was the case.

7593. Those are the circumstances under which you delivered those five bills to Mr. Sherman?—Yes.

7594. You do not admit that he has any claim on them?—No, certainly not; he says to us, "Of course, Mr. Morgan, if my bills are paid, I have no claim upon these."

7595. You do not admit them to be collateral securities in any way?—By no means. I believe I stated on a former occasion that the brokerage charged on the stock transactions was one eighth, whereas there was only one-sixteenth charged.

[*The Witness withdrew.*]

Mr. *John William Cook* further examined.

Mr. J. W. Cook.

7596. You have sworn on a former occasion that Nos. 7065 and 7073 were entered to the respective parties to whom you say they were appropriated on the 28th of October?—On or before.

7597. Then you do not swear that it was before the 28th of October?—No, I cannot; but I had them in my possession before that.

7598. You said on your former examination that you got them on the 21st, did you not?—Yes; Messrs. Morgan got them, I believe, on that day.

7599. You say you will not be positive that you entered them before the 28th, but between what periods may the entry have been made according to your recollection?—I think it very likely it was the 28th; it might have been previous to that, but to the best of my recollection it was on the 28th. I had them in my possession, I think, on the 21st.

7600. Are you now certain that by the 28th they were entered?—I should say so. I know I had them in my possession before the 28th.

[*The Witness withdrew.*]

Mr. *William Mayo* further examined.

Mr. W. Mayo.

7601. It does not appear from any account hitherto handed in, at what rates of interest the loans of 1838, 1839, and 1840 were contracted, or what rates were paid between you and Mariner, can you now supply any account on that subject?—I can. In the year 1838 there was 3½ per cent. charged, except the months of July and December, when it was at 4.

7602. Are you now speaking of the interest charged by you to Mariner?—Yes, in 1839. January to March, between 3½ and 4. April to July, between 4 and 5. August to December, 5 to 8½; and for one week in the month of November on one transaction 9½, money being at that time exceedingly scarce. In 1840, in January and February, 5½ to 7½. March to September, 4½ and 5½. October to December, 5¼ and 6½.

7603. All those were the interest charged by you to Mariner?—Yes.

7604. That which you charged in the year 1841 appears upon the first account you delivered in?—Yes.

7605. The Commissioners wish further to know what was the number of bills outstanding at the end of the successive years 1838, 1839, and 1840?—52,000*l.* at the end of 1838; 93,000*l.* at the end of 1839; and 106,000*l.* at the end of 1840.

7606. There appears to be 112,000*l.* at the close of the account in the year 1841?—Yes.

7607. In the account between Mr. De Berckem and Mr. Mariner, which you have delivered in, it does not appear that any notice is taken of 28,000*l.* Columbian and 51,000*l.* Spanish

Examinations.

Mr. W. Mayo.
23d July, 1842.

passive stock?—I have not introduced any stock, because it is a cash account. We thought it was not the proper place to put them.

7608. Do you know of any control that Mr. De Berckem has over the Columbian and the Spanish passive?—I merely know of control over the Columbian; it is not in his immediate possession.

7609. State the circumstances respecting that Columbian?—It is in the hands of Mr. Lewis Levy.

7610. Under what circumstances did that come to his hands?—It was deposited with him on the 22nd of October. I think he came to Mr. De Berckem, and asked him whether he could give him any property, when he first became fearful of those bills. His brother Henry gave that to Mr. Levy. Mr. De Berckem knew nothing about it at the time.

7611. Were they bonds?—Yes, 28,000*l.* bonds. They were not sterling.

7612. Can you state the sterling value at the time they were handed over?—I should think about 5000*l.*

7613. They were handed over as security against the Exchequer Bills?—I do not know exactly the understanding between Mr. Levy and Mr. Henry De Berckem. I know they were handed over, for I was present at the time. Mr. Francis De Berckem was not aware of it at the time; he has always blamed his brother for delivering them over.

7614. Has Mr. De Berckem a control over the Spanish passive?—I do not know that he has.

7615. Do you know where it is?—No, I do not; I have never seen it.

[*The Witness withdrew.*]

John Bellingham Inglis, Esq., sworn and examined.

J. B. Inglis, Esq.

7616. Have you been in the habit of depositing moneys with Messrs. William and James Morgan?—Yes.

7617. Had you a balance in their hands on the 21st of October, 1841, or about that time?—These (*producing them*) are all the accounts I can find of theirs.

7618. Looking at those accounts, can you say whether there was any balance in their hands at that date?—Yes.

7619. Can you state what was the exact balance due to you on the 21st of October?—They owed me about 7000*l.* at that date. I believe the amount was 7324*l.* 16*s.* 3*d.* I have had an account with that house for these 30 or 40 years, to a very large amount.

7620. Have Messrs. Morgan been in the habit of allowing you interest on that account?—Yes.

7621. How much per cent.?—Five per cent.

7622. Was that balance, which was due in October last, in any way secured?—Yes.

7623. How?—By Exchequer Bills.

7624. How do you know that?—I put the Exchequer Bills in the hands of Mr. Cook, the clerk, and left them with him when I went to Germany.

7625. That was long before October?—The Exchequer Bills I had from them would have been changed some time in the course of last year, while I was away; therefore I left them. I used to take them away; but, a year or two before that, I had locked up the Exchequer Bills at home, and gone away; and they remained till I lost the interest upon them; therefore, when I went away last year, I left the bills with them.

7626. Did the money remain secured on those Exchequer Bills in October last?—Yes.

7627. Do you know of the money ever having been on the security of Spanish or other stock?—Not with my knowledge. That was contrary to my orders, if it was so. My orders were always to give me Exchequer Bills or English stock. When I am not in the way, English stock is inconvenient, and therefore I preferred Exchequer Bills.

7628. Is the balance which you mentioned still due?—It is; I cannot get any money from them at all.

7629. Are you aware of any appropriation to your account having been made of any bills to which the present inquiry relates?—I know very little about it. When I came home, and found how the thing stood, and that these bills were remaining there as my security, and were of no use (I could not make use of them), I left them there. I was out of the country when this thing came out.

7630. What account have you received from Mr. Morgan, of the security on which your money is now outstanding?—I have nothing but the bills. I could have had the bills, and taken them away if I had pleased; but I left them.

7631. Did you, or did you not, receive any notice from Messrs. William and James Morgan, that they had appropriated to your use some of the bills to which this commission relates?—I never received a notice from Morgan, at any time, about securities. I have always been in the habit of going there.

7632. You are aware of the forged bills to which this inquiry relates?—Yes.

7633. Did you ever receive from Messrs. Morgan any account that they had appropriated to your use some of those bills to which this inquiry relates?—Yes; those bills were appropriated to my account. I have the numbers of them; but I have not the memorandum with me.

7634. When did they first give you that account that they had appropriated those bills to your account?—When first I applied to them.

7635. When was that, last year or the present?—It was last year.

7636. Was it in November, or when?—Some time thereabout. The bills they showed me first had been examined, and there was a mark upon them by a man who had taken them to the office.

Examinations.

J. B. Inglis, Esq.
23d July, 1842.

7637. At what time did they first communicate to you that you had anything to do with the bills to which the present inquiry relates: it could not be before the month of October?—It must have been after that; I was not in London till the first week in November.

7638. It was not till after that that they communicated to you that you had anything to do with the bills which are the subject of this inquiry?—No.

7639. Messrs. Morgan and Co. have said that it was about the middle of November they communicated it to you; do you think that is accurate?—I should think it was rather nearer the beginning; but that is mere matter of guess, for it depends upon the time I happened to go there. As soon as I came to London I went there.

7640. Should you know the bills if you were to see them?—I cannot say, indeed, that I should. They showed me a great many bills, to see whether I could discover any difference in the signature.

[*The Witness withdrew.*]

Adjourned to Monday next, at 12 *o'clock.*

MONDAY, 25th July, 1842.

The EARL of DEVON in the Chair.

Mr. *Lewis Levy* further examined.

Mr. L. Levy.
25th July, 1842.

7641. Do you produce the bonds for some Columbian stock which was deposited with you by De Berckem?—I produce what I have no doubt the Commissioners will be satisfied with. I received 28,000*l.* Columbian, and 11,500*l.* I have sold. I have the names of the persons to whom they are sold, and here are the numbers of those which remain in my hands, which I acknowledge to be in my possession, and am ready to account for whenever called upon. These are the sale tickets of what I have disposed of (*producing the same*).

The account was delivered in and read as follows:—

"28,000*l.* Columbian received of Mr. De Berckem, 11,500*l.* of which were disposed of as follows:—

"1841, Nov.	5.	—Sold to	Richard Plympton . . .	4000*l.*	at 19
,,	15.	,,	W. West	1500*l.*	19¼
,,	30.	,,	Ditto	1000*l.*	18⅞
,,	8.	,,	Lewis Lyne	1000*l.*	19¼
,,	8.	,,	George Schlotel. . . .	2000*l.*	19
,,	19.	,,	Alexander Young . . .	2000*l.*	18⅞"

The following 16,500*l.* are in my possession:—

500	250	100	1000	
111				
129	66	1600	964	
467	136	1637		
1018	218	1713		
1142	270	3013		
1406	292	4011		
1727	525	4102		
1832	757	4242		
1907	782	4402		
1923	832	5247		
1924	927	6035		
	953	6556		
	992	7762		
	953	7989		
	1099	7990		
	1195	7999		
	1264	9113		
	1410	13,979		
	1470	14.544		
	1511	14.824		
	1580	15,853		
	1646			
	1653		1 of 1000	1000
	1654		11 of 500	5500
	1792		32 of 250	8000
	1871		20 of 100	2000
	2107			
	2368			16,500
	2452			
	2560			
	2712			
	2768			
	3615			

Examinations.

Mr. L. Levy, 25th July, 1842.

7642. For what purpose, and at what time, were those Columbians deposited with you by De Berckem?—On Saturday, the 23rd of October last (I think that was the day), Mr. John Masterman, the member for the city of London, came to me at Mr. Thomas's (a very respectable stockbroker, with whom I have dealt for many years), and mentioned to me that there were two bills of mine, Nos. 8440 and 8441, and that another customer of theirs had got the same numbers. On his telling me this, I went directly to De Berckem's, and told him that in consequence of what was in the "Times" newspaper, and Mr. John Masterman's statement, I should insist on my money, as my money was lent only from day to day; that I would not go away from the house without it. He said he would see and get me the money. He said, "You might have had it before, if you had come for it." After I had waited a short time in the office, his brother, Mr. Henry De Berckem, came and said, "In consequence of this piece of work, and there being several people trying to injure us, we cannot get you the money to-day; but we will give you security." I said, "Very well; if you will give me security, that will do as well for me, as Mr. Watton wants his money." I saw no more of Francis De Berckem. Henry said to the clerk, "What securities are there about?" After some little talk together, they gave me some. They were to have given me 40,000*l.*, but they gave me ultimately 28,000*l.* Columbian. Henry has since told me he is very sorry he ever gave it me.

7643. Does the paper you have put in explain to whom you have sold part of the stock?—Yes; and these are my own signatures. I have sold a very small portion of it; they were very low at that time; they were at 19, and it got about pretty generally that I had some Columbian of De Berckem's; they made it more than I had the command of, and that I was coming on the market with them. I sold only 11,500*l.* and 16,500*l.* I have got left; they are worth more now by 2 per cent. than they were at that time.

7644. You hold those Columbian as a security against the Exchequer Bills?—I do.

7645. Mr. Sherman has stated that the bargain made between you and him as to Nos. 8440 and 8441 has been since cancelled, is that so?—That is so.

7646. Jonas carried in three to be funded, who carried in the other eight?—I did, in my own name.

7647. Are those the bills you so carried in? (*Instruments purporting to be Exchequer Bills being shown to the Witness.*)—The numbers of my bills were 7083, 7084, 7085, 7087, 7088, 7089, 7090, and 7091; having parted with the bills when I funded them, I cannot be certain that these are my bills; having been accepted by Government in the funding, I have a right to suppose that mine were good bills.

7648. Is there any other evidence you wish to offer to the Commissioners?—None.

[*The Witness withdrew.*]

Mr. *Peter Anderson* sworn and examined.

Mr. P. Anderson.

7649. You had some Spanish bonds deposited with you by Mr. De Berckem, had you not?—By Henry De Berckem.

7650. At what time were they deposited, and on what account?—I think it was on the 28th of October last; it was Spanish passive stock.

7651. What led to the deposit with you?—Henry De Berckem applied to me to know whether I would keep a Spanish account for him from that account, till the next some time stock; whether I would carry on the account for him if he gave me security, and I consulted my friends, and agreed to do it to that extent.

7652. Did he give you this Spanish passive as a security for that transaction?—Yes, as a security in case of a fall.

7653. What was the amount?—The total amount was 50,000*l.* passive against continuing 50,000*l.* active Spanish stock.

7654. Has that continued in your hands, or have you sold it?—Part of it has been sold, as he has requested me to let him have different sums of money.

7655. Can you give the particulars of what you have sold and what you have?—I think 24,000*l.* of the passive has been sold, and the amount paid to him at different times, the original transaction on which it was founded was closed within a few days.

7656. Was your communication wholly with Henry De Berckem or with Francis also?—With Henry entirely.

7657. Were you aware whether this was the property of Henry or Francis?—Henry De Berckem assured me that it was entirely out of his brother's control.

7658. What was the statement he made to you?—I had great confidence in him, and I asked him whether he had been in any way mixed up with this business which had then begun to make a noise; he said, no; it was a hard thing that he could not carry on some business as his brother was prevented dealing, and that I was perfectly safe in doing it. I did it more as an act of friendship to him than with reference to the small profit I had from the transaction.

7659. Have you any knowledge of your own from whence the stock came?—No; I know no further than what Henry De Berckem told me.

7660. The Commissioners understand that a certain portion has been sold and the remainder is in your power?—It is; and as it has been sold from time to time the money has been handed over to Mr. Henry De Berckem.

7661. Do you hold that for any amount due to you from Henry De Berckem, or if you were to sell the rest would the proceeds be payable to him?—At his option; if he had re-

quired me on Saturday to have sold the remainder and paid him the money I should have done it; I have never imagined that any one else had a control over it.

7662. You did not understand from him that it was the property of his brother?—No; I understood distinctly that it was not.

[*The Witness withdrew.*]

John Bellingham Inglis, Esq., further examined.

7663. Do you produce a memorandum of the numbers of those Exchequer Bills which Mr. Morgan told you he had appropriated to your use?—Yes; I received this memorandum from Messrs. Morgan (*producing it*).

The same was read as follows:—

" 6444 16 June, 1841.

6421	———
6422	———
6423	———
6493	———
6445	———

7664. Can you state when you received that memorandum from them?—Not exactly; I have had it a long time by me.

[*The Witness withdrew.*]

Mr. *Humphrey Pritchett,* sworn and examined.

7665. You were at one time in partnership with Mr. Francis De Berckem?—I was.

7666. When was that partnership dissolved?—It was dissolved at the close of the year 1840, but there was an account outstanding which brought it to the middle of January, 1841.

7667. You did not finally separate till January, 1841?—No.

7668. Did the cause of that separation arise from yourself or from De Berckem?—We had some losses at the close of the year 1840 which determined both of us I think to separate.

7669. It was by mutual consent?—It was.

7670. Were you personally much acquainted with Rapallo?—I was not

7671. Were you personally acquainted with Mariner?—Yes.

7672. Were you conversant with the mode of dealing with Mariner up to the time of your quitting the business?—Mr. Mariner was our principal.

7673. Had you before you quitted Mr. De Berckem reason to form any opinion relative to the course of business with Mr. Mariner whether it was a satisfactory course, or had you any grounds to doubt the propriety of going on with it?—Not the least.

7674. That had no connection with your closing the partnership?—Not the least; the reasons were quite private.

7675. You are still on good terms with Mr. De Berckem?—Quite,

[*The Witness withdrew.*]

Adjourned till to-morrow at 12 *o'clock.*

TUESDAY, 26th July, 1842.

The EARL of DEVON in the Chair.

Matthew Marshall, Esq., further examined.

7676. It appears that many of the parties who hold bills mentioned in the schedule to the Act funded their bills, and obtained stock for them. Were any communications sent from the Bank in those cases to the respective parties in reference to the bills so funded?—A letter having been received from the Chancellor of the Exchequer, dated the 2nd of November, addressed to the Governor and Deputy-Governor, stating that from returns which had been made from the office of the Paymasters of Exchequer Bills, it appeared that we had paid into their office in part of the subscription to the funding certain bills which were enumerated in that letter, and requesting that the Bank would intimate to the parties from whom those bills were received that they were not genuine, and would not be admitted as payment on their account,—I wrote to all the parties, viz., Mr. Lawford Richardson, Mr. Alfred Cutting, Mr. Jonas Levy, Mr. Lewis Levy, and Mr. G. E. Cooper, transmitting to each of them a copy of the letter. The letters were forwarded through Mr. Cole, the broker for the Bank.

[*The Witness withdrew.*]

Examinations.

Charles Price, Esq., further examined.

C. Price, Esq. 26th July, 1842.

7677. It appears from a former examination of Sir Charles Price that two letters were addressed by Rapallo to your firm on the 2nd and 3rd of August, 1841, acknowledging the advance of 21,000*l.* and 5000*l.*, but it appears by the account you have delivered in that those advances of 5000*l.* and 21,000*l.* were made on the 3rd of August and the 31st of August. Can you explain that circumstance?—The fact is, he brought the letter on Monday, the 2nd of August, the 31st of July being a Saturday. It included an advance on the 8th of July; I have no doubt he copied it from the previous one, and it represents the 20,000*l.* and the 1000*l.* on the 2nd of August, he brought it to include the two; and I have no doubt that he brought the letter for the 20,000*l.*, and took it back to correct and include the 1000*l.*

7678. So that the result would be, according to that explanation, that the advance of 21,000*l.* on which some of those bills were deposited was on the 31st of July, and not the 31st of August?—Yes, the 31st of August must have been a renewal.

7679. With respect to the advance of 5000*l.* on August the 3rd, there appears to be no discrepancy between the letter and the account?—No.

Mr. *Edward Rogers* sworn and examined.

Mr. E. Rogers.

7680. You are clerk to Sir Charles Price and Company?—I am.

7681. Have you brought with you any books containing entries of payments made by way of advance to Mr. Rapallo?—Yes, on the 31st of July, 20,000*l.*

7682. Was that money paid or transferred to his account?—It was transferred to his account with the house, and he drew for it.

7683. He had credit for it?—Yes.

7684. Was there also a sum of 1000*l.*?—Yes, on the 8th of July.

7685. Was the 1000*l.* transferred to his account?—Yes.

7686. Do you find also a sum of 5000*l.*?—Yes, on the 3rd of August that was placed to his credit.

7687. Did he in point of fact draw for all those sums?—Yes, he did.

7688. Those entries are in your own hand-writing?—Yes, they are.

7689. Was there a new advance of the date of the 31st of August?—There was a renewal of the 21,000*l.* on that day.

7690. But no new advance?—No.

[*The Witnesses withdrew.*]

John Squire, Esq., further examined.

Richard Williams, Esq.,
Mr. *Thomas Farthing*,
Mr. *George Thorn*,
Mr. *Philip Edwards*,
} sworn and examined.

J. Squire, Esq.
R. Williams, Esq.
Mr. T. Farthing.
Mr. G. Thorn.
Mr. P. Edwards.

7691. (*To* Mr. *Williams.*) You are a partner in the house of Ransom and Company?—Yes.

7692. (*To* Messrs. *Farthing, Thorn, and Edwards.*) You are clerks in the house of Ransom and Company?—We are.

7693. (*To* Mr. *Thorn.*) Have you the book with you which shows a payment made on September the 28th, 1839, to Mr. Solari?—I have.

7694. What was the amount paid?—3900*l.*

7695. Was the entry made by you?—Yes, it was.

7696. In what manner was the money paid?—I gave three 1000*l.* notes, one 500*l.*, and two of 200*l.* each.

7697. Do you happen to know the numbers of the notes?—The numbers of the 1000*l.* notes were 8222, 6598, and 6896; the number of the 500*l.* note was 43,491; and the numbers of the 200*l.* notes were 28,682 and 64,789.

7698. Was there on the 30th of September in the same year another payment made by you?—Yes, of 1000*l.*; that was paid in one note of 1000*l.*, the number of the note was 9143.

7699. (*To* Mr. *Farthing.*) On the 8th of October, 1839, was there a payment made by you to Mr. Solari?—Yes, of 40*l.*; in one note, No. 38,988.

7700. Do you find an entry of another payment to him on the 18th of October?—Yes, 40*l.*, paid likewise in one Bank note, No. 43,377.

7701. (*To* Mr. *Edwards.*) Do you find an entry of a payment by you to Solari on the 23rd of October, 1839?—Yes, 42*l.* 15*s.* 6*d.*, in a Bank note for 40*l.*, and 2*l.* 15*s.* 6*d.* in money.

7702. Do you find another entry of a payment to Solari on the 26th of October?—Yes, 37*l.* 10*s.*

7703. Are those entries made by yourself?—Yes.

7704. (*To* Mr. *Thorn.*) Do you find another entry of a payment made by you to Solari on the 30th of October?—Yes, 34*l.*

7705. Was that entry made by you?—Yes.

7706. (*To* Mr. *Farthing.*) Do you find another entry of a payment to Solari on the 26th of November, in the same year?—Yes, 500*l.*

7707. Was that paid by you?—It was, in five Bank notes of 1000*l.*, Nos. 15,958, 19,481, 19,482, 18,323, and 18,325; and a 500*l.* note, No. 49,503.

7708. Was there another payment made to Mr. Solari on the 27th of November?—Yes, 350*l.*, paid by me in Bank notes.

7709. (*To* Mr. *Thorn.*) Was there on the same day a payment made by you to Solari?—Yes, of 100*l.*

7710. (*To* Mr. *Farthing.*) Do you find an entry of a payment to the same party on the 6th of December?—Yes, 29*l.*

7711. Do you find another entry of a similar payment on the 18th of December?—Yes, of 45*l.*

7712. Those payments were made by you?—Yes.

7713. (*To* Mr. *Thorn.*) Do you find another entry of a payment made by you to Solari on the 28th of December?—Yes, for 45*l.*

7714. (*To* Mr. *Farthing.*) On the 6th of January, 1840, do you find an entry of a payment made by you to Solari?—Yes, a small draft for 20*l.*

7715. On the 9th of January do you find another entry of a payment by you to the same party?—Yes, a draft for 7500*l.* 7000*l.* of that was paid by a draft on Robarts and Company, and the remainder by a 500*l.* note.

7716. Robarts and Company is your City house?—Yes, our clearing house in the City.

7717. (*To* Mr. *Edwards.*) Do you find an entry of a payment to Solari on the 14th of January, 1840?—Yes, 375*l.*

7718. Was that paid by you?—It was.

7719. (*To* Mr. *Thorn.*) Do you find an entry of a payment to Mr. Solari on the 17th of January, 1840?—Yes, 25*l.*

7720. Do you find another entry of a payment to the same party on the 25th of January?—Yes, a draft for 50*l.*

7721. Do you find another entry of a payment on the 6th of February?—Yes, a draft for 56*l.*

7722. Were those three payments made by you?—Yes.

7723. (*To* Mr. *Edwards.*) Do you find an entry of a payment made by you to Solari on the 15th of February?—Yes, 69*l.* 18*s.* 11*d.*

7724. (*To* Mr. *Squire.*) Do you find an entry of a payment made by you to Solari on the 22nd of February, 1840?—Yes, of 7850*l.* I gave Mr. Solari our cheque on Robarts and Company for that amount.

7725. In your account with Robarts and Company have that draft and the draft previously referred to been debited to you?—Yes, and I have their pass-books by which that appears.

7726. These drafts, which appear to have been given on the house in the City, have been debited to you in their account?—Yes, I have brought their pass-books to show that.

(*The pass-book containing the entries was produced.*)

7727. (*To* Mr. *Farthing.*) On the 6th of March, 1840, do you find an entry of a payment to Solari?—I paid a draft of 50*l.*

7728. Do you find an entry of a payment to the same party on the 11th of March?—Yes, I paid him 64*l.* 10*s.*

7729. (*To* Mr. *Squire.*) Do you find an entry of a payment to Solari on the 31st of March?—Yes, on that day I gave Mr. Solari a draft on Robarts and Company for 3700*l.*

7730. Does that appear in their pass-book?—It does.

(*The pass-book containing the entry was produced.*)

7731. (*To* Mr. *Thorn.*) Do you find an entry on the 3rd of April of a payment to Mr. Solari?—Yes, a draft for 260*l.* 6*s.* 6*d.*

7732. Do you find another entry of a payment to the same party on the 10th of April?—Yes; a draft for 70*l.*

7733. Were those payments made by you?—They were.

7734. (*To* Mr. *Williams.*) Do you find an entry of a payment by you to Mr. Solari on the 15th of June?—Yes; by a draft on Robarts for 2900*l.*

7735. Does that appear in their pass-book?—It does.

(*The pass-book containing the entry was produced.*)

7736. (*To* Mr. *Farthing.*) Do you find an entry on the 17th of June of a payment by you to Mr. Solari?—I paid a draft of 100*l.*

7737. (*To* Mr. *Squire.*) Do you find an entry of a payment made by you to Mr. Solari on the 23rd of June?—On the 23rd of June I gave Mr. Solari a cheque on Robarts's for 2675*l.*

7738. Is that entered in their pass-book?—It is.

(*The pass-book containing the entry was produced.*)

7739. (*To* Mr. *Farthing.*) On the 24th of June, do you find an entry of a payment made to Mr. Solari by you?—Yes; on that day I paid him a draft for 50*l.*

7740. (*To* Mr. *Thorn.*) Do you find an entry of a payment made by you to Mr. Solari on the 25th of June, 1840?—I paid him a draft for 43*l.* on that day.

[*The Witnesses withdrew.*]

Examinations.

Mr. *Edward M. D'Arcy* further examined.

Mr. E. M. D'Arcy. 26th July, 1842.

Instruments purporting to be Exchequer Bills, Nos. 8377, 8378, 8274, and 8369, of the 3rd and 4th Victoria, cap. 106; and Nos. 6421, 6422, 6423, 6444, 6445, 6493, 7068, and 7086, of the 4th Victoria, cap. 96, being the instruments referred to the Commissioners since the opening of the Commission, were shown to the witness.

7741. Have you examined the bills now put into your hands with the counterfoils?—I have.

7742. Do they correspond?—No, not any of them.

[*The Witness withdrew.*]

Edward Wheler Mills, Esq., further examined.

E. W. Mills, Esq.

7743. You stated on your former examination in answer to a question whether it was usual to lend on Exchequer Bills for so long a time as three months, that if a person were to offer the same rate of interest which the Exchequer Bill paid there would be nothing extraordinary in the transaction, but that as there is an open market for Exchequer Bills, it is extraordinary that a person should be borrowing at a rate of interest so different. Suppose the case of a renewed loan, the renewals extending altogether to a period of three months or a longer period, a year for instance; in what light would you view a case of that description, the rate exceeding that borne by the Exchequer Bills, say 5 per cent.?—I consider that the longer the time the more the person is a sufferer, because the difference in amount is greater for a longer than a shorter time. The only way of accounting for a loan on such terms would be temporary pecuniary difficulty, and the object might be such as to compensate that loss, or they might be borrowed Exchequer Bills, and the person might sooner lose a small sum by the difference for a short time than sell his Exchequer Bills, but the longer the time the more it would be deemed extraordinary, it might be accounted for for a short time while it would not be for a longer time.

7744. The question pointed to a case where the loan was for a month for instance and then renewed monthly?—The case is certainly different for this reason, that a loan might be effected for one month and not for three, and others by repeated renewals get the longer period.

7745. Suppose the case of a loan originally made for a month and renewed from time to time till at last the money should be outstanding for a year together, the rate being higher than that which the Exchequer Bill bore; is that a case which you would consider as of remarkable occurrence?—Certainly; the renewal itself of a loan at a high rate on Exchequer Bills is a point to be observed, and the more so when the loan is renewed 12 times than when it is renewed only four; the very fact of the renewal would be with me a very suspicious cumstance.

7746. It would be suspicious in proportion to the frequency of the renewal?—Yes.

7747. Mr. Hichens has stated to the Commissioners the case of a loan made to Mr. Brunton by his house, which was renewed from time to time for an uninterrupted period of a year and three months, at rates varying from 4 to 6 per cent., and he has said that he had every reason to believe, that loan was for the eminent banking-house of Glyn, Mills, and Co., Mr. Brunton being their broker and the stock having been transferred by Mr. George Carr Glyn. Have you any statement to make with reference to that?—That was not a transaction of our own, it was for a country correspondent of our house, but that was Bank stock.

7748. Is the statement of the transaction correct that it was for an uninterrupted period of a year and three months?—It was; but it was not for Glyn and Co., and I should have thought that Mr. Hichens must have known that it was not for that house. To any person acquainted with business in the City, the mere circumstance of the stock being transferred out of the name of a partner, will never lead to the conclusion that the loan was on his or his firm's account.

7749. How do you distinguish that from the case of renewal which has been put in the previous question?—I will state the distinction I should draw; that was for a country correspondent who held Bank stock for a considerable period, and did not want to make a loss, Bank stock having fallen.

7750. Would there be a distinction between Bank stock and Exchequer Bills in a matter of this description?—Certainly. In three months out of twelve Bank stock is not transferable, and a higher rate of interest is always given on that security. An Exchequer Bill is always marketable, Bank stock frequently not. By a sale of Exchequer Bills the premium alone could be lost, but by a sale of Bank stock a considerable loss of capital. Bank stock would pay 4 per cent., an Exchequer Bill 3¼.

[*The Witness withdrew.*]

Adjourned.

WEDNESDAY, 27th July, 1842.

The EARL of DEVON in the Chair.

Examinations.

J. Squire, Esq.
27th July, 1842.

John Squire, Esq., further examined.

7751. You stated on your former examination that Mr. Solari obtained from you several loans, for which he was charged 5 and 4 per cent., with the exception of three instances in 1840 of 6 per cent. for 68 days, and 7 per cent. for 15 days, according to the market rate of interest; do you wish to make any observation upon that subject?—Our practice was that each month we inquired of our brokers, Messrs. Morgan, what the rate of interest had been for each 15 days. A foreign settlement takes place every 14 or 15 days, and from the 1st to the 15th of the month the rate would be 4 per cent. perhaps, and then, from the 15th to the 30th, it might be 5. I shall be able to show by the evidence of Mr. Hichens, who has referred to his books, that the charges were correctly made.

Robert Hichens, Esq., further examined.

R. Hichens, Esq.

7752. Can you state what was the current rate of interest from the 9th to the 31st of January, 1840, for loans on the deposit of Exchequer Bills?—When I had the honour some time ago to attend the Commissioners, I extracted from our books entries of loans we had made. I find by my book, which I have here, that on the 4th of January, 1840, I lent 20,000*l.* on Exchequer Bills to Messrs. Capel, at 6 per cent. That loan was from day to day. On the same day I lent to Messrs. Tucker and Ellis 5000*l.*, also on Exchequer Bills, at 6 per cent. On the 7th I lent to Mr. Field 15,000*l.*, at 5½ per cent., for nine days; that was not on Exchequer Bills, but on English stock; there was not so much doing on Exchequer Bills apparently just then. On the same day I lent to Mr. Stallard 6000*l.*, at 7 per cent.; that also was on English stock; that was for one day. On the 16th of January I lent Mr. Brunton 35,000*l.* on Bank stock, for six weeks, at 5½ per cent. On the same day I lent to Mr. Andrew Service, who is now dead, who was the largest American stock holder then living, 12,000*l.* on Reduced Three per Cents., for six weeks; that was at a time when I was doing very little, on many days there was not 60,000*l.* doing, whereas on many days there was two or three hundred thousand pounds.

7753. Will you refer to your books under the date of the 15th to the 30th of November, and the 1st to the 31st of December, 1840?—On the 16th of November I lent to Messrs. Tucker and Ellis 15,000*l.* on Exchequer Bills, for three days, at 5 per cent. On the same day I lent also to them 20,000*l.*, at 7 per cent., but the securities are not specified in our books, and I cannot now say what they were; it may possibly have been on bills of exchange.

7754. What is the time for which that loan was made?—That is not specified; on the 17th I lent to Ewart 3500*l.* on Exchequer Bills for four days at 6 per cent.; on the 19th I lent to Tucker and Ellis 15,000*l.* on Exchequer Bills at 6 per cent. for a week; on the 20th of November I lent Messrs. Cole and Mullens 20,000*l.* on Exchequer Bills at 6 per cent. for a week; on the same day I lent to the same firm 10,000*l.* on Exchequer Bills for a week at 8 per cent.; on the same day I lent to Stallard and Company 20,000*l.* on English stock at 7 per cent., this being stated to be on stock which was shut, it must have been for a period, but the number of days is not mentioned, most probably it was for the opening; on the 24th I lent Mr. Ewart 3500*l.* on Exchequer at 7 per cent. for a day; on the 25th I lent Stallard and Company 10,000*l.* on English stock for a day at 8 per cent.; on the 20th I lent Tucker and Ellis 20,000*l.* on securities not specified for four days at 8 per cent.; on the same day we lent Capel and Company 20,000*l.* on Exchequer Bills for a week at 5 per cent.; on the same day we lent Messrs. Tucker and Ellis 5000*l.* on Exchequer for a day at 6 per cent.; on the same day we lent Mr. Brunton 24,000*l.* on Bank Stock for seven weeks at 6 per cent.; on the same day we lent to Pulley Brothers 5000*l.* on India Stock for seven weeks at 6½ per cent.; on the 30th we lent to Medley 7000*l.* on Exchequer Bills for a day at 6 per cent.; on the same day we lent to the same party 6000*l.* on Three and a-half per Cents. for a week at 6 per cent.; on the 1st of December I lent to Cooper 10,000*l.* on Exchequer Bills for a day at 5½ per cent.; on the same day I lent 5000*l.* to Tucker and Ellis at 8½ per cent. for a week, the securities are not specified; on the 3rd of December I lent 12,000*l.* on India Stock for six weeks at 6½ per cent.; on the same day I lent to Stallard and Company 10,000*l.* on Three and a-half per cent. Stock for a week at 6 per cent.; on the same day I lent to the same party 10,000*l.* on New Three and a-half Stock for six weeks at 6 per cent.; on the 7th I lent to Mr. Ewart 2000*l.* on Exchequer Bills for a day at 6 per cent.; on the same day I lent to Ricardo 15,000*l.* on Bank Stock for six weeks at 5½ per cent.; on the same day I lent to Smith 9500*l.* on Bank Stock also for six weeks at 5½ per cent.; on the same day I made two loans on Reduced Three per cent. Stock for six weeks at 5½ per cent.; on the 11th I lent to Ewart 2000*l.* on Exchequer Bills for five weeks at 5½ per cent.; on the 14th I lent to the Provincial Bank 10,000*l.* on Exchequer Bills for three or four days at 6 per cent.; on the 16th I lent to Tucker and Ellis 20,000*l.* on securities not specified for five days at 8 per cent.; on the 18th I lent to Cole and Mullens 20,000*l.* on Reduced Three per Cents. for eight days at 5½ per cent.; on the 21st I lent to Tucker and Ellis 10,000*l.* on Bank Stock for three or four weeks at 6 per cent.; and on the 26th I lent to Cole and Mullens 20,000*l.* on Reduced Three per Cents for a fortnight at 5½ per cent.

[*The Witness withdrew.*]

Examinations.

Mr. E. Rogers.
28th July, 1840.

THURSDAY, 28th July, 1842.

The EARL of DEVON in the Chair.

Mr. *Edward Rogers*, further examined.

7755. The Commissioners wish to know from what date Sir Charles Price and Co. claim interest upon the bills with respect to which they are claimants?—On the 21,000*l.*, from the 31st of October, 1841; and on the 5,000*l.*, from the 3rd of November, 1841.

[*The Witness withdrew.*]

Mr. *John Hale*, further examined.

Mr. J. Hale.

7756. Mr. Solari had an account with Jones Loyd and Co.?—Yes. The account was lately conducted in the name of E. L. Morgan; it was formerly in the name of James Morgan, previously to 1834.

7757. While that account was going on, did Mr. Solari apply to you for loans upon Exchequer Bills?—He did upon one occasion. He applied for a loan on the small amount of 2000*l.*

7758. Upon the deposit of Exchequer Bills?—Yes. That was about five months after the account was opened on the 13th of December, 1836. With that exception, he had no loan of any description from us.

7759. You granted the loan?—Yes, we granted the loan, to be paid on the 31st of January, 1837; that was about six weeks. The loan was at 5 per cent. interest, and the bills were regularly redeemed on the day in the contract.

7760. He made no other application of the sort?—No other application.

7761. Do you know the ground on which the account was closed?—Yes; I can speak not from any registry, but from recollection. The immediate cause of it was that a cheque of his was refused which was not provided for.

7762. There not being cash to that amount upon the account?—The cash was actually paid into the house, but not carried to account; he had drawn upon it too quickly.

7763. The account was closed by his desire?—By himself.

7764. What was the amount for which you refused his draft?—I cannot state; but most of his drafts were not of a large description.

7765. Was his account with you a large account?—As a business account it was not. I have taken out an account of the extent of his transactions during the different years. In six months of 1836 the extent of his transactions was 33,000*l.* For the whole year 1837 his transactions amounted to 57,000*l.*; and for the eight or nine months of 1838, before the account was closed, 37,000*l.* So that we considered it, as a business account, a very small affair.

7766. Did you know at the time anything of Mr. Solari's other transactions or affairs?—No more than that which I alluded to before, that I believe he used to discount bills. I was asked if he had any other loan. On one occasion we discounted a few small bills for him, amounting to 500*l.*, which were regularly redeemed at the end of six weeks at the market rate of interest of the day, 5 per cent.

[*The Witness withdrew.*]

APPENDIX.

Minute of Statements made by the following Parties at Downing Street, 27th October, 1841.*

WILLIAM MARINER, of No. 26, Throgmorton Street:—

With the exception of having purchased 1000*l.* or 1200*l.* Exchequer Bills for Mr. Henry Mancur, I never had any Exchequer Bills except those I received from Mr. Rapallo. I first commenced my dealings with Solari, who is now dead. About two years ago I became acquainted with Rapallo, he being connected with Solari, and I was introduced by Solari to Rapallo. Some little time after that, he told me whatever orders Rapallo might give me, I should consider as if he had given them to me. From that time, I began receiving Rapallo's orders, and they increased towards the time of Solari's death. He died on the 18th October last. Rapallo at various times put into my hands Exchequer Bills. On the 13th January, Rapallo placed in my hands 30 of 1000*l.* bills, and on the 16th of same month, 10 of 1000*l.*, all June, 1840, bills. On 17th January, borrowed on 6000*l.*, and on the 18th, on 1000*l.*, that is, I placed them in the hands of De Berckem, to pay a consol transaction to that amount. My book contains an account of the bill transactions between myself and Rapallo and myself and De Berckem. I kept the book myself, and I can positively state from a reference to that book, that the particular bills which appear to have been received from Rapallo on any particular date, and which appear to have been handed over to De Berckem on any particular date, were handed over or received by me accordingly.

FRANCIS DE BERCKEM:—

On the 3rd June, 1839, was my first transaction with Mr. Mariner in Exchequer Bills. I had not been long at that time in the business of a stock broker. Mariner had been a partner of my brother's, whom I succeeded. I knew no one in these transactions as the principal of Mariner. I suspected Mr. Rapallo might have something to do with it, as I have met him in going up to Mariner's, and he had enquired of me about the price of funds. Mariner continued to supply me with Exchequer Bills up to the present time. The object with which he entrusted the bills to me, was not to sell but to purchase foreign stock, or pay differences, or raise money upon them. I kept an account of the bill transactions between myself and Mariner. Every Exchequer bill that I ever had in business I had from Mariner. On the 21st of this month, I redeemed on the Bank 23,000*l.* in my own name, 2000*l.* in Meyer's name, 10,000*l.* in the name of Tomkyns by direction of Mariner, and he supplied me with the means. The 38,000*l.* in my pocket and those I delivered to the Chancellor of the Exchequer, are the only bills in my possession or control. Since the redemption of the 53,000*l.*, I have received some bills from Mariner, and those two sets of bills constitute the whole in my possession. There are 15,000*l.* at the Commercial Bank of England, 40,000*l.* with the Chamberlain of London, J. W. Scott. These are outstanding as securities for monies advanced to me. The Commercial Bank told me that they came to the Treasury with the 15,000*l.* bills when they made the advance, and were told they were good. I have always paid Mariner upon a profit account at end of the year, and the last year I paid him between 10,000*l.* and 11,000*l.* The first year's transaction was comparatively small, and they have gradually increased from year to year, and the last year has exceeded all the rest put together.

WILLIAM MORGAN, of Pope's Head Alley:—

I became acquainted with Solari about five years and a half ago. The commencement was to borrow money on Exchequer Bills. He first applied to me for a loan of 1000*l.* or 1500*l.* on Exchequer Bills. I gave him the money on the security. Very soon afterwards he came again with bills from 5000*l.* to 10,000*l.*, on which we made the advance. A short time afterwards he came and said he wished to purchase some foreign stock for the account. We required a deposit, and he made a deposit in Exchequer Bills to the amount of 2000*l.* or 3000*l.*, and the stock was purchased. We went on in this mode of transacting this kind of business, swelling in amount till the time of his death. At the time of his death the loans on Exchequer Bills were large, but not the stock. Some time before the death of Solari, Rapallo came to me with a letter from Solari, authorizing him to carry on his Exchequer and stock account with me. The letter is dated 16 Sept., 1839. This is the first time I became acquainted with

* See Mr. Maule's Evidence, p. 152.

Rapallo. From that time Rapallo became the active man, and deposited Exchequer Bills with me, for which he either received money or foreign stock. It was before Solari's death that the deposits of Exchequer Bills were generally from 5000*l.* to 20,000*l.* After Solari's death Rapallo came to me and told me that Solari's widow intended to administer and to give me the same authority he had done; and afterwards Rapallo produced a letter to me from Mrs. Solari, dated 5th March, 1841, authorizing Rapallo to act for her. Since last March he increased his account with me to about 80,000*l.*, on which I made him loans. Within the last fortnight, about 15th of October, Rapallo came to me and said, "Mr. Morgan, I wish to raise a large loan on Exchequer, to the extent of 60,000*l.*, to take up Spanish stock," the account then standing, as before stated, at 80,000*l.* I replied, "Our loan account with you is very heavy now, Mr. Rapallo." He said, "I shall not want it for any length of time, or I would take it for three months; short or long, as you like." I told him I would write to the Governor of the Bank, and make a proposition to them to take a loan of them on 60,000*l.* bills. He said, "Very well." The Bank declined making the loan at that time. I effected a loan of 40,000*l.* at Coutts' about the 15th or 16th October for a month, and deposited 40,000*l.* of Rapallo's bills with them. Rapallo took the 40,000*l.*, and left the 20,000*l.* bills in our hands. I think these were June bills.

Hichens has 40,000*l.*, Anderson 15,000*l.*, Bragg 5000, Cooper 2000*l.*, Keyser 17,000*l.*, and Sherman 15,000*l.*

When this business was in the papers I looked in upon Rapallo, and said to him, "These are alarming paragraphs in the papers about Exchequer Bills not being right. He said, "My good friend, I don't know, but if you are alarmed about any you have you had better go to the Exchequer and examine them; it will be for your satisfaction as well as mine." I saw Hichens, and recommended him to go to the Exchequer and ascertain the genuineness of the bills, and I gave him 5000*l.* of the 20,000*l.* I held for that purpose. He brought them back, and said they were all right. Keyser came to me in alarm, and I recommended him to get his bills examined at the Exchequer. He told me that he had taken the whole 17,000*l.*, and that they were all right. About a week ago Rapallo told me that in his speculations he made last year 40,000*l.* I never charged Rapallo more than the common interest on his loans, 5 per cent.

Schedule of Property alluded to in Report, p. 2, acknowledged to be the proceeds of the Forged Bills.

In the custody of Mr. Lefroy,* Solicitor to Rapallo :—

5000*l.* Colombian Loan, 1824, with Coupons from 15 July, 1826.
164,020*l.* Spanish Passive Stock.
2435 shares British Asphaltum and Patent Coal Company.
2550 shares ditto ditto received from Mr. Waller.
75 shares United States Asphalte of Seyssel Company.
168 shares Claridge's Patent Asphalte Company.
90 shares Liverpool Seyssel Asphalte Company.
130 shares Harwich Railway Company.
100 shares Westminster and Deptford Railway Company.
175 shares Robinson's Parisian Bitumen Paving Company.
20 shares South Eastern Railway.
210 shares London, Salisbury, Exeter, Plymouth, and Falmouth Railway.
185 shares Central Kentish Railway and Sandwich Harbour Company.
130 shares Bastenne and Gaujac Bitumen Company.
70 shares London and Brighton Railway.
A receipt for a deposit of 4*l.* on account of Steam Carriage and Waggon Company.
A certificate for 281 shares in the Anti Dry Rot Company.
A memorandum of F. Lizardi and Co., 20 November, 1840.
List 1143, W. and J. Morgan of conversion of Mexican Bonds, 3102*l.* 15*s.* into 1550*l.*
Sundry bills of exchange.
Household furniture, plate, &c., from 6 to 800*l.*
A claim for about 10,000*l.* sterling, being the subject of a suit now pending before the French courts of law.

Placed in the custody of Mr. Mariner† between 16th and 22nd October :—

150,000*l.* Spanish Passive Stock.
31,000*l.* Colombian Bonds.

Of these by his statement, p. 405—

3000*l.* Colombian Bonds sold by De Berckem.
28,000*l.* Colombian Bonds in the control of De Berckem.
50,000*l.* Spanish Stock in the control of De Berckem.

316 shares Anti Dry Rot Company.
500 shares British Asphaltum and Patent Coal Company.

Sold by W. and J. Morgan‡ :—

51,000*l.* Spanish Stock sold.

230*l.* 10*s.* 10*d.*, balance to the account of Mr. F. de Berckem in the hands of the Commercial Bank.

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* P. 396—399, 404. † Examination, p. 405. Account, p. 419. ‡ Account, p. 415.

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For Her Majesty's Stationery Office.

EXCHEQUER BILLS.

REPORT

MADE TO THE

LORDS OF HER MAJESTY'S TREASURY

BY THE

COMMISSIONERS

APPOINTED TO

INQUIRE AND ASCERTAIN IN WHAT MANNER

EXCHEQUER BILLS

HAVE BEEN MADE OUT AND ISSUED,

&c. &c.

(Presented to Parliament by Command of Her Majesty.)

Ordered, by The House of Commons, *to be Printed,*
3 *February* 1842.

COMMISSION - - - - - - - - - - - - - p. 3

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COMMISSION.

VICTORIA, R.

VICTORIA, by the grace of God of the United Kingdom of *Great Britain* and *Ireland* Queen, Defender of the Faith. TO all to whom these Presents shall come, Greeting: WHEREAS the Commissioners of Our Treasury have represented unto Us, that the recent discovery of an extensive Forgery of Exchequer Bills, carried on for several years without suspicion, through the instrumentality of an Officer in the department of the Exchequer, appears to them to require the most complete investigation, for the purpose of ascertaining by what means effectual precautions may be taken against the recurrence of a similar evil: And whereas Our said Commissioners have recommended unto Us to appoint Commissioners specially for this Inquiry: Now KNOW YE, That We, reposing especial trust and confidence in the ability, diligence and integrity of Our trusty and well-beloved Councillor *Henry Hobhouse*, F.R.S., F.S.A., Our right trusty and well-beloved Councillor *John Nicholl*, Our Judge Advocate General, and Our trusty and well-beloved *George Carr Glyn*, Esquire, and *John George Shaw Lefevre*, Esquire, do by these Presents constitute and appoint them the said Right honourable *Henry Hobhouse*, F.R.S., F.S.A., the Right honourable *John Nicholl*, *George Carr Glyn*, Esquire, and *John George Shaw Lefevre*, Esquire, to be Our Commissioners to conduct a strict Investigation, with a view to ascertain in what manner Exchequer Bills have been made out and issued since the remodelling of the Exchequer by the Act of Parliament passed in the fourth and fifth years of the reign of Our late Royal Uncle WILLIAM the Fourth of blessed memory, c. 15, and to point out whether any and what defects are to be found in the existing system, and what additional checks or regulations can be established with a view to guard in future against the Forgery of Exchequer Bills, or against the fraudulent or unauthorized Issue of them; and at the recommendation of the said Commissioners of Our Treasury, We do hereby empower and command them the said Right honourable *Henry Hobhouse*, F.R.S., F.S.A., the Right honourable *John Nicholl*, *George Carr Glyn*, Esquire, and *John George Shaw Lefevre*, Esquire, to conduct the inquiry before mentioned, and

to report from time to time to the Commissioners of our Treasury such observations on the above leading heads of inquiry as the course of their investigation may suggest as proper for the consideration of Our said Commissioners: And We do further command all persons employed under Us, and in the several departments of the Exchequer, to furnish all such accounts and to give all such information as may be required by them from time to time in furtherance of the investigation which We have hereby commanded and directed them to make.

Given at Our Court at Windsor Castle, this Fifth day of January, One thousand eight hundred and Forty-two, in the Fifth year of Our Reign.

By Her Majesty's Command.

ROBERT PEEL.
HENRY GOULBURN.
JOHN YOUNG.

REPORT

REPORT to the LORDS COMMISSIONERS of Her MAJESTY'S TREASURY of the COMMISSIONERS appointed by Her MAJESTY to conduct a strict Investigation as to the Manner in which EXCHEQUER BILLS have been made out and issued since the passing of the Act of the 4th & 5th WILL. IV., c. 15, &c.

REPORT.

TO THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY.

HER MAJESTY having been pleased, by Her royal Warrant, dated the 5th instant, to appoint us Commissioners to conduct a strict investigation, with a view to ascertain in what manner Exchequer Bills have been made out and issued since the remodelling of the Exchequer by the Act passed in the 4th and 5th years of the reign of his late Majesty King WILLIAM the Fourth, and to point out whether any and what defects are to be found in the exiting system, and what additional checks or regulations can be established, with a view to guard in future against the Forgery of Exchequer Bills, or against the fraudulent or unauthorized Issue of them; and to report from time to time to the Commissioners of Her Majesty's Treasury;

WE beg leave to lay before your Lordships the following REPORT:—

Previously to the Act referred to in the Commission, the duty of preparing and issuing Exchequer Bills was entrusted to the Auditor of the Receipt of the Exchequer, and was by him exercised under regulations partly contained in the Statute of 48 Geo. III., cap. 1., and partly emanating from the powers given to the Lords of the Treasury by that Act; hence in conducting the investigation committed to us, we have been necessarily carried back to the practice previously prevailing in the Office of the Auditor. Appendix, No. 1 to 28.

Since the alteration of the system by the Act of the last reign, the duty of preparing, making out, numbering and signing Exchequer Bills for such sums as may be from time to time directed by your Lordships, is transferred to the Comptroller-General of the Exchequer for the time being, he taking care that such Bills are made and issued according to law.

One of the branches of his office is commonly known as the office for issuing Exchequer Bills, although it might be more appropriately denominated the office for preparing them. The business of this branch of the office is conducted by three Clerks, who are respectively designated Senior, Assistant and Junior; but as the two latter appear to be merely auxiliary to the first, we shall, except in a few necessary instances, confine our remarks to him, and shall describe him according to his usual designation as the Senior Clerk.

We will now proceed to lay before your Lordships a detailed statement of the practice of the office; but instead of stating that which actually exists, as directed by the Commission, we shall describe that which prevailed prior to the discovery of the late frauds, and which has been since considerably altered.

The Paper on which the Bills were impressed was manufactured by and at the mills of paper-makers nominated for the purpose by the last Auditor, and since continued by the Comptroller-General.

Two moulds, having the word "Exchequer" in conspicuous characters, were used for this purpose; they belonged to, and, save when in use, were deposited at the Office of the Comptroller-General, locked up in a wooden case in the Clerks' office, the key of which case is kept in a cupboard in the Senior Clerk's room, accessible to the three Clerks. As the paper cannot be expediently used for some months after it is manufactured, it is necessary to have a quantity manufactured at least equal to a year's consumption.

The Senior Clerk, whenever he saw occasion or thought fit, delivered to one of the messengers of the office, selected by the head of the department, and called the Supervisor of Paper, the two moulds locked up in the wooden case, and a

written order directing the manufacturer to make such quantity of paper as the Senior Clerk thought proper. The time and the quantity depended entirely on the uncontrolled and unchecked discretion of the Senior Clerk, except that the Supervisor, being a messenger of the office, was obliged to apply to the Chief Clerk of the Comptroller-General for leave of absence.

The Supervisor having received his orders from the Senior Clerk, and obtained his leave of absence from the Chief Clerk, proceeded with the moulds to the mills, where he remained in constant personal attendance on the premises during the whole process of manufacture, which usually occupied between two and three months. He had written instructions for his guidance, carefully con-
Appendix, No. 31. ceived, so as to prevent any improper use of the moulds, or the existence of a single sheet of the paper but what was sent to the Office of the Comptroller-General. For that purpose he kept a daily account on loose paper of the number of sheets manufactured, distinguishing those which were spoiled in any part of the process from those which were perfect. The former he destroyed by reducing them into pulp from day to day; the latter were made up into reams or parcels, which, when the number ordered was completed, were sealed by the manufacturer with his own seal, and by the Supervisor with an office seal, and were conveyed to London by the latter, and delivered into the custody of the Senior Clerk, who received them, counted the number of reams and parcels with reference to the Supervisor's return, and deposited them in cupboards in the Clerks' office, to which each of the three Clerks had access; but no closer investigation took place into the number of sheets of paper contained in the sealed reams or parcels. There the paper was supposed to remain, and it was the duty of the Senior Clerk to keep a regular account of its use and consumption; but this account, which was very negligently kept, there being several alterations and erasures in the entries in the paper book, does not seem to have been checked or examined by any superior authority, or at any stated periods. The stock appears indeed occasionally to have been taken by the Assistant Clerk, but this was done in a very insufficient manner; the unbroken reams were reckoned, but the number of quires or sheets in the broken parcels were never counted over.

The Supervisor also returned the moulds in the wooden case to the Senior Clerk, and they were deposited in their usual place in the Clerks' office.

When the manufacturer sent in his account for the paper, his bill was examined by the Senior Clerk, who certified the same to the Chief Clerk; the latter ascertained that the price and the computation were correct, but not that the quantity ordered was necessary, nor that the quantity charged for was brought into store.

The Plates from which the Exchequer Bills were printed were copper-plates, varying little from those adopted when Exchequer Bills were first introduced, and are of very common-place design; they were made and engraved, and (as occasion required) altered by an engraver, who was also nominated by the last
Appendix, No. 27. Auditor of the Exchequer. He received his directions exclusively from the Senior Clerk, and executed his task, for the most part, alone, in a room provided for him in the Comptroller-General's Office. He delivered the plates when finished usually to the same Clerk, by whom they were deposited in a large iron chest in the Clerks' office, the key of which was kept in the cupboard in the Senior Clerk's room before mentioned; but when the printer had immediate occasion for a new or altered plate, it was delivered by the engraver at once to him, without the intervention of the Senior Clerk, or of any other officer of the department.

The Printer (who succeeded his father in the employment), was nominated by the same authority, and executed his work in another room in the Comptroller's
Appendix, No. 33. Office, where he worked generally by himself; except that the office-keeper, who resided on the premises, and was appointed superintendent of printing, was frequently present in the room in the course of the day, employed in ploughing the edges of the paper, and hanging up the printed sheets, for the purpose of drying. He locked up the room when the printer quitted it, and retained the key, necessarily leaving the printed sheets hanging there to dry.

The printer's directions proceeded exclusively from the Senior Clerk, who, when he received from the Treasury a verbal intimation that an issue of Bills was likely to take place, delivered to the printer the appropriate plates, except where the latter received one, in the case above alluded to, directly from the engraver.

engraver. The Senior Clerk, or one of the Assistants, also delivered to the printer such quantity of paper as the former thought fit, accompanied by either written or verbal directions (as it might happen) to print off such number of sheets as he might think proper to order.

The printed sheets were then placed in a book-binder's press, where they remained for one or two days, and, when ready for the purpose, they were from time to time stitched together, in the printer's room, by the superintendent, in volumes, or books containing 168 sheets each. The reason for that number was, that as each sheet contained three Bills, with their counterfoils, the book would yield 500 bills, after allowing for the accidental destruction of four bills.

The books were then delivered by the superintendent to the Senior Clerk, who deposited them in the cupboard before mentioned in the Clerks' office.

The plates, together with the surplus printed sheets, and those damaged, were delivered by the printer to the Senior Clerk, who deposited the plates in the large iron chest in the Clerks' office, accessible to the three Clerks, and the surplus sheets in the lower compartment of the cupboard in the Senior Clerk's room, which was also accessible to the three Clerks, but which appears to have been rarely opened by the two Assistant Clerks.

As soon afterwards as occasion required, the Books of Bills were put by the Senior Clerk into the hands of the Junior Clerk, who numbered the counterfoil of each Bill consecutively in an arithmetical series, and delivered them back to the Senior Clerk, who performed the same operation in double numbers on the Bill itself; and in case either of them happened to spoil a Bill, he cancelled it, and supplied the deficiency by marking one of the four surplus Bills and its counterfoil with the appropriate number; when this numeration was completed, the Junior Clerk separated the Bills from their counterfoils by an indented cut (but, as it seems to us, not sufficiently indented) through the scroll printed between the two. The counterfoils were retained by the Senior Clerk, and deposited in the before-mentioned cupboard in the Clerks' office, accessible to the three Clerks.

One of the four surplus forms of Bills was cancelled, but we have been unable to obtain any satisfactory evidence what became of the remaining sheet containing the other three, in case they were not used; nor of the surplus printed sheets of forms of Bills which were not bound up, except that the latter were deposited in the lower compartment of the cupboard in the Senior Clerk's room before mentioned, accessible to all the three Clerks, and no authentic account thereof, or of their subsequent destruction, appears to us to have been kept.

The forms of Bills in sheets were then stamped with the Exchequer seal in the presence of the Clerks by the superintendent of printing; but no account whatever seems to have been kept of the number of sheets given to be sealed, nor of the number spoiled in stamping, nor of the number returned to the Senior Clerk sealed.

The seal is a common dry stamp, the impression of which on the Bill might be taken off with the greatest facility; and this seal was also left under the charge of the Senior Clerk, locked up in the before-mentioned large iron chest, and was, together with the stamping press, accessible to the Assistant Clerks, and after office hours to any one of them, without the privity or knowledge of the other.

The sheets of forms of Bills, after being thus stamped, were next signed.

Lord Grenville, the late Auditor of the Exchequer, never signed any Exchequer Bills except during the occasional illness of his deputy.

The process of signing, as followed by Mr. Eden, the Assistant Comptroller first appointed, was as follows:

The sheets, after having been separated from the counterfoils, and stamped, were brought into his room by the Senior, or one of the Assistant Clerks, and Mr. Eden, having seen that each form was properly filled up, signed the name of the Comptroller-General to the three forms comprised in one sheet; the Clerk then turned over the sheet, and the same process was pursued with each sheet in succession: when the Bills had been signed, the number, date and amount were entered in the signing book, in a column of which Mr. Eden signed his name, ascertaining the particular Bills he had signed on that day, and the Clerk who was present signed his initials in another column as an acknowledgment of their delivery to him: if Mr. Eden were called out of the room during the

signing, he locked up all the sheets, taking the key with him; if the Clerk were called out, Mr. Eden locked up the box, and delivered the key to the Clerk.

During Sir John Newport's comptrollership, it appears, that though he was present in the office, he never signed Bills of the same issue as his assistant, nor ever signed at the same time, except that occasionally when the Assistant Comptroller was engaged in signing Supply Bills for the Exchange, he, in order to prevent confusion or interruption, signed Bills of a different species, such as Public Works Bills, or Deficiency Bills, which were called for and required to be immediately issued.

Since the retirement of Sir John Newport, however, it appears that a different practice has obtained: the Comptroller and Assistant Comptroller have indiscriminately signed Bills of the same issue, and at or about the same time, though not, as far as we have been able to learn, actually on the same day.

This has been done in conformity with the construction given in the office to the 26th section of the Act of 4 & 5 Will. IV., cap. 15; by the 2d section of that Act the general duties of the Comptroller can be executed by the Assistant only in the event of the illness, or of the occasional and necessary absence, of the former; but no such limitation being in terms annexed to the duty of signing Bills, that duty has been understood to be free from the limitation, and the practice has accordingly been for either the Comptroller or the Assistant Comptroller to sign Bills, as it happened to be more convenient to the one or to the other. The Assistant Comptroller, as the Act is understood to prescribe, signs the name of the Comptroller, a practice which appears to be obviously objectionable, and should, in our opinion, be immediately discontinued.

The presence of a Clerk and of the signing-book at the actual signing has also occasionally been dispensed with, and the Bills have been signed in London at places other than the office, or even the private residence of the Comptroller, or of the Assistant, and they have been sent, locked in an office box, for signature elsewhere, and, when signed, have been returned locked up in the same manner in a box, of which the Senior Clerk had a key; the party signing, however, always, while the fact was fresh in his memory, recorded the signature in the signing-book, and took care to get his discharge, by seeing that the Clerk who received the Bills placed his initials in that book.

When the Bills had been signed, they were placed in a small iron chest in the Clerks' office, to which there were two locks, duplicate keys of one being with the Comptroller-General and his Assistant, and duplicate keys of the other lock being in the care of the Senior Clerk, locked up in the large iron chest in the Clerks' office, accessible to all the three Clerks.

The only remaining process was the separation of the three Bills contained in each sheet, which was executed almost always by the Junior Clerk, after which, the Bills were deposited, until they were required for issue, in the small iron chest in the Clerks' office just described.

Some few Bills were issued directly from the Office of the Comptroller General to the Bank of England, and a small proportion to some other departments, but none immediately to the public at large: the great bulk of the Bills, including all those which were ultimately issued to the public, passed through the Paymasters' Office: when required for issue, the amount of Bills wanted was taken from the small iron chest before mentioned, in the presence usually of the Accountant and some of the Clerks belonging to the Paymasters' Office, who counted the number of the Bills, and their value: the Bills were then placed in boxes locked up, and immediately sent, accompanied by one of the Paymasters' Clerks, to that Office; at the same time a receipt was given to the Comptroller General by the Paymasters for the Bills so delivered to them.

The Act of 48 Geo. III., cap. 1, expressly directs, that the persons appointed to pay off the Exchequer Bills shall, from time to time, have the use and custody of the counterfoils to prevent their being imposed upon by counterfeit or forged Bills, and that all the said counterfoils shall be delivered into the receipt of the Exchequer when the Bills shall have been paid, cancelled and discharged, and the account thereof shall have been audited and allowed, and that then the Commissioners of the Treasury may authorize and direct the Auditor of the Exchequer to destroy the counterfoils as being of no further use whatever to the public service. But the Act making no express provision as to the time at which the counterfoils shall be delivered to the Paymasters, and the instructions from your Lordships to the Comptroller-General's Office being entirely silent upon the subject, the practice with respect to the period of their delivery

delivery has been quite unsettled. It appears, however, that soon after the remodelling of the Office, Sir John Newport made an order that the counterfoils then in his possession should be delivered over to the Paymasters; and in his Report to the Treasury, of the 10th October 1835, he accordingly stated that he had carried into effect so much of the Act of 48 Geo. III. as related to the custody of the counterfoils by the Paymasters of Exchequer Bills. Appendix, No. 30. Appendix, No. 32.

This practice, however, seems to have been discontinued; and not only have the regular and early transmission of the counterfoils from the office of the Comptroller-general to the Paymasters' Office been neglected, but orders do not appear to have been obtained or issued from the Treasury for the destruction after their return into the Receipt of the Exchequer, of those counterfoils which had become useless. Their destruction appears to have been effected by the senior clerk at uncertain periods, at his own discretion, and of his own authority, without order from, or the knowledge of, his superiors, and without any record of his proceedings.

We have now given to your Lordships a succinct statement of the preparing and making of Exchequer Bills, from the manufacture of the paper on which they are printed to the transmission of the Bills to the Paymasters' Office, and have also referred to the dealing with the counterfoils after they have been returned to the receipt of the Exchequer. This embraces the whole of that part of our inquiry which relates to the Office of the Comptroller-General, and to the making out of Exchequer Bills. Part of this system depends on the Act of 48 Geo. III., cap. 1; part on the Act of 4 & 5 Will. IV., cap. 15; part on directions from the Comptroller-General; part on directions from your Lordships; and part on the practice which had obtained in the Office of the Auditor of the Exchequer before the Comptrollership was created.

We now pass to the proceedings in the Paymasters' Office, which include, with the slight exception of the issues to the Bank and other public departments before mentioned, the whole of our inquiry relating to the manner in which Exchequer Bills have been issued to the public at the periodical exchanges.

The establishment of the Paymasters' Office consists of two Paymasters, an Accountant, First Clerk, and five other Clerks. Under the Act of 48 Geo. III., cap. 1, the Office is placed under the immediate control of your Lordships; and all payments are to be made at an office to be kept in or near the receipt of the Exchequer at Westminster for that purpose. It appears to have been established with the view of furnishing a sufficient security against fraud in the exchange and payment of Exchequer Bills, and for the purpose of affording satisfaction to the proprietors of such Bills. All Bills advertised to be paid off or renewed are received at this Office, from which also the drafts in payment of interest, as the new Bills are exchanged, are delivered to the public.

We will now give a brief statement of the practice in this Office; but as the whole course of proceeding adopted in paying off and discharging Exchequer Bills appears to be very clearly stated in a Memorandum drawn up on the 2d of March 1840, by Mr. Waterfield, the present Chief Clerk in the Office, by way of instruction to the Paymaster of Civil Services in Dublin, who, in the event of Exchequer Bills being presented in Ireland for payment or Exchange, has there to discharge duties analogous to those committed to the Paymasters in England, we beg to refer your Lordships to that Memorandum for more minute detail. Appendix, No. 34.

The practice of the Paymasters on receipt of the advertised Bills was to cancel them immediately on presentation at the Office, and then to pass them on to the Accountant and Clerks, for the purpose of calculating and checking the interest due thereon, and for examination with the lists made out by the holders; but although the intention of the Legislature is most clearly expressed, and the manner of discovering fraud by the use of the counterfoils pointed out, yet it appears that the instructions from the Treasury to the Paymasters, under which the latter consider themselves bound to act, do not point out or even allude to the necessity of conforming to the directions of the Act of Parliament. Appendix, No. 25.

In consequence of this omission, the comparison with their counterfoils of the Bills brought in for payment or exchange had for many years previous to the discovery of the late fraud been altogether abandoned as a general practice, and had only been resorted to in very rare instances, and when some extraneous circumstance had excited suspicion of the genuineness of the Bill. Thus, the security against the payment of spurious Exchequer Bills, which might have been

been derived from that source, had been almost entirely lost, though there is not the slightest reason to believe that down to October 1841 any spurious Bill had ever been paid off, or taken in exchange in the Paymasters' Office.

In the examination of Bills brought in for the purpose of verification at the Office of the Comptroller-General after the late fraud, this test was constantly resorted to, and was found to afford a very satisfactory check against spurious Bills, nor was the comparison, after the first few days, attended with any serious delay.

The Bills brought to the Paymasters' Office for exchange were delivered in by the holders, with a list showing the number, the amount, the Act under which they were issued, and other particulars, with a claim for the interest; and a memorandum, by way of receipt, was given by the Paymasters for the Bills so brought in. At the expiration of the specified time for the exchange, which was generally six or seven days, the parties were entitled to receive their Exchange Bills, and a draft for the interest on returning the Paymasters' receipt. The new Bills to be issued in exchange were entered in a list book, showing the number and description of the Bills, and the names of the parties to whom they were delivered; these numbers were subsequently registered in another book, and at the period of the next exchange they were marked off, so as to show by whom they were brought in.

The alteration made in the beginning of the year 1838, by which the periods of the exchange of Exchequer Bills have been brought within the sitting of Parliament, and reduced to two, renders the work of the Office unequally heavy at those times; but we think it might be possible to devise a plan, without prolonging the time during which (owing to the process of the exchange) Exchequer Bills are not marketable, by which the work of this Office at the exchanges might be more equalized.

In giving this statement to your Lordships, we have in fact detailed what have been in substance the system and practice of the Auditor's Office, from the first introduction of Exchequer Bills in 1696 to the abolition of that Office in 1834, and from 1834 to the discovery of the late fraud. It is true, that at various times Lord Grenville introduced improvements in the official regulations, some more, some less important. Among others, on 1st January 1824, his Lordship required the sealing to take place during office hours, and in the presence of one of the Clerks of the department. He introduced a signing-book, "which, if it did not tend to the direct security of the Bills, furnished evidence, which, in case of loss or accident, must be satisfactory to the parties through whose hands they have to pass immediately before and after the signing." He also at the same time recommended, and in 1826 the Treasury for the first time sanctioned, the appointment of a Supervisor of paper-making. In 1829, on the suggestion of Mr. Beaumont Smith, his Lordship substituted for an oaken press, of which all the clerks in the issuing Office had keys, an iron chest, with two locks, for the deposit of signed Bills; and in 1833 he required the engraving of the plates, which had up to that time been carried on at the private house of the engraver, to take place under the roof of the Exchequer.

Since the passing of the Act of 4 & 5 Will. IV., cap. 15, some further improvements have been introduced. The Treasury issued a Minute on the 19th September 1834, in which their Lordships stated their opinion that they should pursue the course most advantageous to the public service by continuing the present mode of conducting the business of that branch of the Comptroller-General's Office for the preparation of Exchequer Bills until that officer should have had the opportunity of making himself acquainted with the whole of the arrangements, and should be able to advise their Lordships on the subject; and they directed that the Comptroller-General should report fully on the subject at the termination of one year, both as regarded the manner of conducting the business, the number of persons required, and the distribution of the duties.

Appendix, No. 29.

In pursuance of that Minute, Sir John Newport made his Report on the 10th October 1835, in which he set forth very fully the duties of the three Clerks in the Exchequer Bill Office, but suggested no new regulations. He, however, made some reforms in matters of detail on his own authority. The following were the principal amendments; namely,

Appendix, No. 32.

> Signing the Bills, which down to that time took place previously to the sealing, was made the last act done to give to the Bill its value and currency.

The

The signing-book was remodelled, and made a much more effective check.

The Bills were thenceforth to be double-numbered.

The date was to be printed in the body of the Bill, instead of being written.

The signed Bills, instead of being conveyed, as formerly, to the Tellers' Office on trays, or in open baskets, were to be transmitted to the Paymasters' Office in boxes under lock and key.

The Bills which had been previously prepared and signed in blank, were to be signed only for the particular issue required.

In August 1839 Lord Monteagle succeeded Sir John Newport, and his Lordship made some alterations prior to the discovery of the late fraud. They are fully set forth, and their operation explained, in his very important evidence, to which we particularly desire to draw your Lordships' attention.

We have been unable to trace during the progress of these changes, or within the last fifty years, the relaxation of any precaution which had been previously enforced, or the departure from any useful practice which had formerly existed, except in five instances, which we will state to your Lordships:—

1. The abandonment, about the beginning of the present century, of a second counterfoil, which was deposited at the Bank of England.

2. The neglect of comparing the Bills with their counterfoils at the Paymasters' Office at the exchanging, paying off, or funding of the Bills.

3. The signing of Bills of the same issue by more than one person, and the omission of a notification in the Gazette, when any person other than the principal was authorized to sign. This notification is not expressly required by the present Act.

4. The occasional signature of Bills without the presence of a Clerk, or of the signing book, elsewhere than in the office.

5. The destruction of the counterfoils without the authority of the Treasury.

All these improvements on the one hand, and deviations on the other, left untouched that in which the late Senior Clerk found opportunity for his recent frauds, namely, the absence of sufficient internal check, and the incompleteness of general supervision. The sole direction of the quantity of paper to be manufactured, and of the paper to be printed, and of the plates to be engraved, and the custody of the moulds, of the plates, of the paper unprinted and printed, of the press, seal and counterfoils, as well as the entire preparation of the Exchequer Bills, were entrusted to the uncontrolled discretion and integrity of the Senior Clerk of the department in which the Bills were prepared, and, during his absence, of his Assistant Clerks, unchecked by any regular examination of the stores, or of the tradesmen's bills, or by any regular periodical destruction of surplus printed paper, worn-out plates, or counterfoils.

These defects of the internal arrangement of the Office, palpable though they are when attention is drawn to them, had for nearly a century escaped observation and correction, and had led to no injury to the public. It is not then very surprising, though it is much to be regretted, that these defects should not have been noticed and supplied at the remodelling of the Exchequer.

The Legislature, it is true, by giving authority to the Treasury to make new regulations, indicated its opinion that something might be required. The Treasury, in the year 1834, by calling upon the Comptroller-General to report at the end of twelve months' trial of the old system, intimated that that system might not be found to be perfect, but the Comptroller-General, confiding in the high character of Mr. Beaumont Smith for skill, ability and experience, to which Mr. Bedford, the late Chief Clerk and Deputy to the Auditor, had in 1833 recorded his testimony, seems to have been unwilling to disturb, nay, he even seems to have thought it unnecessary to investigate very closely, the practice and arrangements which were then subsisting, and which had for so long a series of years continued without any known mischief or abuse.

Moreover, the duties and responsibilities of the Senior Clerk had been reported upon in 1782, and in 1831, by two Commissions, and in 1797, by a Committee of the House of Commons, and those Reports had been laid before Parliament prior to the passing of the Act of 4 & 5 Will. IV., c. 15.

Passing, then, to the other defects in the existing system, we have to observe, that the principal appear to us to consist in the inferiority of the paper used for Exchequer Bills, both as to the materials and moulds from which it is prepared. These present no important peculiarity, so as to render the paper difficult of imitation, even by ordinary workmen, with the most simple instruments.

The plates from which the Bills are engraved, and the stamp or seal used for sealing the Bills, present to forgers none of the difficulties which would result from the combination of the skill of various departments of art, and from elaborate pattern and workmanship.

The Bills only bear one signature, and that not always of the person whose name it purports to be; and this, without any notice to the public, whether the signature is that of the party whose name it professes to be, or of his substitute. Nor is there even the slightest precaution to prevent the signature from being traced.

Again, we do not find any existing statute which gives to Exchequer Bill paper, or the moulds or plates, the same protection which is, by the Act of 45 Geo. III. and other Statutes, given to Bank-note paper, by making it criminal for any unauthorized person to imitate the paper, the moulds, or the plates, or to have them in possession.

In the system existing in the Paymasters' Office there do not appear to be any very serious defects, except,

1. The absence of all counter signature in that Office on the Exchequer Bills delivered to them from the Office of the Comptroller-General.
2. The negligent custody and disuse as a test of the counterfoils.
3. The locality of the Office itself, which, being remote from the place of business of the great mass of the holders and dealers in Exchequer Bills, renders the counterfoils nearly useless as a means of ascertaining the genuineness of Bills, from time to time, during their circulation, an object clearly falling within the spirit of the Act of 48 Geo. III., cap. 1, sec. 11, which directs, that any rules made for the execution of the office or trust of Paymaster, shall be framed with a view to the satisfaction of the proprietors of Exchequer Bills.

We will now proceed to detail to your Lordships the regulations which have occurred to us as best calculated to guard in future against the forgery of Exchequer Bills, and against the fraudulent and unauthorized issue of them.

It appears that the Exchequer Bill Office has hitherto been considered and treated as quite distinct from the general department of the Exchequer Office. We would strongly recommend, that, for the future, the Exchequer Bill branch should be expressly placed under the responsible direction of the Chief Clerk, subject to the general authority of the Comptroller-General. It is important to be remarked, that, though the office for the preparation of Exchequer Bills is called the Issuing Office, yet, in fact, all Supply Bills issued to the public as individual holders, in exchange for old Bills, are delivered from the Paymasters' Office, and it would appear to be extremely desirable to constitute the latter as the sole office of issue, and thereby to afford an additional check upon the regularity and genuineness of all Exchequer Bills, whether issued to the public as individual holders, or to any Government, or other public department or officer.

Although we are fully aware that every mechanical process is capable of imitation, and consequently that none can be an entire security against forgery; yet it is in evidence before us, and we cannot doubt, that in the highly superior mechanism of modern times, may be found the means of materially increasing the difficulty of imitating the Exchequer Bills of the present day, which differ very slightly from those first used nearly 150 years ago. It appears to us, that advantage may be derived from substituting for the paper now in use, either paper made from pulp similar to that used for Bank Notes, but of stronger texture, and with various appropriate water-marks; or paper of a kind recently invented, having silk thread contained in its substance, which shall pass horizontally through both the Bill and its counterfoils.

We think, also, that the plates may usefully be engraved in a style superior to the present; that the best artists in various lines should be employed in the engraving and workmanship of the plates or dies, and also of the stamp or seal; that mechanical means should be resorted to for distinguishing, as much as possible, the different impressions, and that new plates, if struck from dies, should be made for every issue.

We

We would also submit to your Lordships the following additional recommendations:—

1. That there should be scrolls of elaborate workmanship, and of different patterns, imprinted on the back, as well as on the front, of the Exchequer Bill; that the position of those scrolls should be frequently varied; and that the Bills should be numbered, not by the hand, but by a machine constructed for the purpose.

2. That the same protection should be afforded to Exchequer Bill paper, and to the moulds and plates for manufacturing and printing it, as also to the Exchequer stamp or seal, which has long since been given to Bank of England paper.

3. That, in order to greater security, the ancient practice of having one counterfoil on the left hand, and another on the right of the Bill, should be revived; that the left counterfoil should be retained in the custody of the Comptroller-General; and that the right counterfoil, immediately after separation, should be transmitted to the Office of the Paymasters.

4. That, for the purpose of expediting and facilitating the signing, attesting, countersigning and comparing with counterfoils, the number of sheets in each book should be 84, consisting of 252 Bills, instead of each book having 168 sheets, consisting of 504 Bills, as at present.

5. That it would be expedient that the Assistant Comptroller should sign his own name, instead of that of the Comptroller-General, and that his authority should be notified in the "Gazette" as that of the Deputy Auditor of the Exchequer was required to be by the Act of 48 Geo. III., cap. 1.

6. That the apparent incongruity to which we have already adverted, between the 2d and 26th clauses of the Act of 4 & 5 Will. IV., cap. 15, should be removed by an enactment, that the Assistant Comptroller's Office and powers should not determine by the death, resignation or removal of the Comptroller-General, and that he should not sign, except during the vacancy of the Office of Comptroller-General, or except in the event of his illness, or of his occasional or necessary absence from his office, and that when he (the Assistant Comptroller) signs Bills of the same issue as others signed by the Comptroller-General, the numbers signed by each should be notified in the "Gazette."

7. That legislative enactment should be asked for to determine the mode of appointing the officers created by the Act of 4 & 5 Will. IV., cap. 15, for which no provision at present exists as to any but the Comptroller-General.

8. That on the delivery of the Bills from the Office of the Comptroller-general to the Office of the Paymasters, one of the Paymasters should examine each of such Bills, and, having found the same to be in all respects made out according to law, should make an entry thereof in the minute book, and should also on the face of the Bill sign a memorandum to the effect that such Bill had been examined and entered.

9. That the Office of the Paymasters should be removed into the vicinity of the Bank of England, to afford the opportunity of convenient and immediate reference as to the genuineness of any Exchequer Bill, a measure which we conceive will tend more than any other to restore the full confidence of the holders and dealers in those public securities.

We recommend that the Comptroller-General should be directed to frame written instructions for the guidance of the officers and clerks of his department, and for the paper-maker, engraver, printer and other persons engaged in any part of the process of preparing Exchequer Bills, or of the materials or instruments employed in such preparation, and that such instructions, having been approved by your Lordships, should be signed by the Comptroller-General, and delivered to each of such officers, clerks or other persons, and that no alteration therein, or departure therefrom, should be made or allowed without the previous sanction of your Lordships.

We also recommend that once in every year, at least, the Comptroller-General and Paymasters should respectively certify to your Lordships that the regulations in their respective Offices have been strictly observed throughout the preceding year, and should also report whether any and what part of the regulations

then in force are found to be inconvenient, or to require amendment, and whether it is expedient to make any and what further regulations.

We have further to recommend to your Lordships' consideration the expediency of establishing regulations for the management of the business of the Office of the Receipt of the Exchequer, so far as relates to the preparation and issue of Exchequer Bills, and to the prevention of the forgery and unauthorized issue thereof; and we would suggest that these regulations should provide for the custody, by the highest functionaries in that department, of the moulds, plates, dies, seal, paper and printed forms, and of the Exchequer Bills when actually signed, and their counterfoils, and for securing a punctual and accurate account of the paper, whether printed or unprinted, and for the authorized and recorded destruction of any moulds, plates, dies, seals, paper, printed forms and counterfoils, which from time to time may become superfluous or useless, and for recording on the minutes both the previous authority from the Treasury and the orders of the Comptroller-General by virtue of which the several proceedings for the preparation, completion, signing and issuing of the Bills take place, and without which, such proceedings, in our opinion, ought not to commence.

We are well aware that such regulations cannot be fully or satisfactorily framed without consultation with those who have experience in this branch of the public service, and who are well acquainted with the other duties performed in the Office of the Receipt of the Exchequer; but we have nevertheless ventured to frame, for your Lordships' consideration and revision, a set of Regulations to provide for the objects above adverted to, and to meet some other objections which we have noticed in this Report, believing that we should in this manner bring more satisfactorily under your Lordships' notice the various detailed precautions which seem to us advisable, in order to secure the Exchequer and the public against a repetition of the evils which have recently occurred, than if we were to confine ourselves to recommendations of a more indefinite and general character.

Your Lordships possess, under the Act of 48 Geo. III. extensive powers respecting the issue, examination and payment of Exchequer Bills; but it will be necessary to have recourse to the Legislature for the following amongst other purposes; namely,

To afford the protection we have recommended to Exchequer Bill paper, and to the moulds and plates for manufacturing and printing it.

To remove the site of the Office of the Paymasters, by repealing the provision in the Act of the 48 Geo. III., which requires that that office should be kept in or near the Receipt of the Exchequer at Westminster.

To direct the mode of appointing the officers created by the Act of the 4 & 5 Will. IV., c. 15.

To make consistent the 2d and 26th clauses of the said Act of the 4 & 5 Will. IV., c. 15.

To direct that the Assistant Comptroller should sign his own name, instead of that of the Comptroller-General, and that his authority should be published in the Gazette.

And that only one set of counterfoils should be sent to the Paymasters' department.

The principal part of our recommendations, however, may, as appears to us, be effected by regulations emanating from your Lordships.

We have the honor to be,
My Lords,
Your Lordships' most obedient Servants,

H. Hobhouse.
John Nicholl.
Geo. Carr Glyn.
John George Shaw Lefevre.

Office of Inquiry, Whitehall Yard,
31 January 1842.

MINUTES OF EVIDENCE

Taken before the Commissioners appointed to inquire into the MAKING out and ISSUING of EXCHEQUER BILLS since the passing of the Act of the 4th & 5th of WILLIAM IV., Cap. 15, &c. &c.

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MINUTES OF EVIDENCE.

WEDNESDAY, 12*th January* 1842.

Arthur Eden, Esq., Examined.

Arthur Eden, Esq.

12 January 1842.

YOU fill the office of Deputy-comptroller?—I was Assistant-comptroller until compelled by ill-health to make application for a temporary retirement.

Did you immediately succeed Mr. Bedford?—Mr. Bedford was chief clerk of the Auditor's Office; I was appointed Assistant-comptroller immediately on the establishment of the Comptroller-general's Office, Sir John Newport being Comptroller-general.

Have you seen the written statement of Mr. Bedford, which the Commissioners understand was drawn up for the use of Lord Auckland when he succeeded Lord Grenville, relative to the mode of issuing Exchequer Bills?—I have not seen a written statement of Mr. Bedford; but I have seen all the statements of Mr. Bedford in the various reports which have been made to Parliament on the subject of the preparation and issue of Exchequer Bills.

Be good enough to give the Commissioners any information in addition to this written document which lies in your power?—Perhaps it will be more simple for me to state the alterations that were made in Sir John Newport's office; as the other information is before you in those various reports, those alterations may appear in themselves very unimportant; they are very few, but I think, when taken together, they seemed to ensure an entire safety, as far as the signature of the Bills was concerned; one of the alterations that was made (as I said before, it will appear an unimportant one) was, that no Bill was to be signed before it was completed; in former times it was signed before it was stamped; Sir John Newport and myself determined that no Bill should be signed until it was entirely complete. The next thing was an improved signing-book, which I will show in a few minutes, because it will put the Commissioners in possession more than any thing else of the whole progress of the improvements afterwards; the Bills were double-numbered by order of the Treasury; it was also thought more convenient, and that they would be safer, if the date was also printed in them; previously to that time the date had always been written. Then in the conveyance of the Bills from one office to another; in the old Exchequer the Bills were carried, after they were made out, in parcels of 500 each, on an open tray, from the office where they were signed to the office where they were issued: a regulation was made that they should never be brought to us, nor be carried any where but under lock and key.

Under the old system all the Bills were issued by the Tellers?—All Supply Bills were issued through the Tellers; Exchequer Bills for Public Works, West India Relief, and for building Churches, were issued direct to bearers of certificates signed by the proper authorities.

That ceased with the abolition of the office?—Yes.

Did not that afford a check which has been lost?—I should rather say that the fewer hands they went through, the more responsibilty was appropriated; so far from a check being lost, I think, recollecting the way in which that business was carried on in the old Exchequer, there was much greater security in the new: formerly the Bills were brought up from the Auditor's Office upon a common tray by a messenger to the Teller's Office; the Teller examined them, and counted them over, and they were then sent down to the Paymasters' Office in the same way; in the office to which I belonged this insecurity was remarked on; it must be observed that that office was not responsible for their security previously to their being delivered into it: afterwards those Bills were not delivered out of it, excepting to the Paymasters themselves, or to their officers; they received and examined the

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the Bills in the office, and gave a receipt for the accuracy of them before they took possession of them; I believe previously to this they had been sent down by hand from the one office to another.

When was that alteration made of the delivery to the Paymaster in person?—We have now no means of ascertaining.

A few years probably before the other alteration?—A very few.

Was there any other alteration?—Yes, the most material; to which I beg to call the attention of the Commissioners. Under the former system, the Exchequer Bills were prepared and signed blank, blank date, and put into the chest to be used as the occasion required: in the Comptroller-general's Office no Bills were ever signed, except for the particular issue which was required.

How do you receive notice to prepare for any particular issue, by Treasury-warrant, or in what way?—That is a point which requires explanation; as far as it was possible we never made out a Bill, nor signed it, excepting by a Treasury warrant; but I think I can show the absolute necessity in this office, that occasionally Bills must be prepared and signed before we get the warrant, or the public business must stand still.

That they must go so far as the signature?—I think it is utterly impossible that the business of this office could go on without anticipation. In 1835 a warrant was dated the 24th September, and the issue took place on the 29th of September for 18,560 Bills; now there is no possibility of signing 18,560 Bills in four days, because when the Comptroller-general signs, it is his duty not merely to sign, but to observe that the numerical arrangement of the Bills is correct; at present the date is printed; previously he had three things to examine as he signed, the date, the stamp and the number; and therefore the signing must take a considerable time, and it would be utterly impossible within four days to sign 18,560 Bills.

He has still to look to the stamp, but not the date?—To the stamp and to the number; again, in 1838, a warrant was dated June 16th, and an issue took place on the 22d of June for 20,805 Bills, which only left five days for the preparation and the signature, which would be utterly impossible, supposing no Bill was prepared previously.

The question went to this, whether all but the signature might not be done before the Treasury warrant came, but that the signature should be deferred until after the reception of the warrant?—I think if you examine what has to be done, that it is not merely the signing of his name, but that he who signs must run his eye over those three points, you will see that much time and attention are required; and it may be observed that in signing, which I have done four thousand signatures in one day, at the same time examining the accuracy of them, the eye itself gets confused; so much so, that after all the precautions in the preparation of those Bills, after all the examinations, and first during the Comptroller-general's signature, next by the clerk in the office who separates the Bills, afterwards by the senior clerk in the Issue Office before he gives them to the Paymaster, and finally in the Paymasters' Office (there may be other examinations in that office), yet incomplete Bills have got out into the market; one or two Bills have been unsigned, brought back unsigned or unstamped, and the only possible way in which that can be accounted for is, that this business is all done necessarily in a hurry, and that there is a confusion of sight.

The cause of the very short interval arises from some difficulty about the Supply Bills, why should not the warrant be issued a reasonable time before the issue?—The warrant cannot be signed until the Bill passes through Parliament.

Is the stamp any material check?—I cannot say that the stamp, as it is at present, is in my mind a very material check, but I think it may be made so.

Was there any pressing necessity for the issuing of this very large number at one time within so short a period?—In former times the exchanges of the Supply Bills took place four times a year; for perhaps I should mention, in explanation, that there are five descriptions of Exchequer Bills; there are Consolidated Fund Bills, which are issued from this office on the growing produce of the succeeding quarter; they have rarely been signed until the warrant was received.

Those are the Bills in the hands of the Bank?—Yes, they are made specially

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payable to the Bank; then there are Deficiency Bills, which are upon the growing produce of the quarter in which they are issued,

Those are also in the hands of the Bank?—Yes.

They are negociable Bills, are they not?—They may perhaps be negociable to a certain extent, but, like the last Bills referred to, are made specially payable to the Bank.

The large number you quote were the Supply Bills?—Yes, they were; there are only two other descriptions of Bills, the West India Relief Bills and the Public Works Bills; those Bills are never signed until the notice of the certificate comes down from the Exchequer Bill Loan Commissioners authorized by Act of Parliament.

In point of fact, the previous signature of the Supply Bills arises from the very large number to be issued within a very short period?—Entirely; the exchanges were consolidated and brought down to three, and now, I believe, to two, whereas it appears to me that it would be better that those exchanges should take place four times a year.

Was not the cause of that, that it was found to be very inconvenient to have an exchange when Parliament was not sitting?—Yes, it was, I believe, because there was an alteration of interest required at one time when Parliament was not sitting, and the Bills were getting to a discount.

Are you to be understood that the improvements you mentioned in the early part of your evidence, signing after the stamp and so on, took place in Sir John Newport's time?—Yes; and the system seemed to insure a perfect security as far as signing the Bills went.

Did they take place during the first year of Sir John Newport's being in office?—Yes, immediately on the consolidation of the new office, and it was found that the counterfoils had not been delivered to the Paymasters for comparison, pursuant to 48 Geo. 3, c. 1, which is the principal Act for the preparation and issue of Exchequer Bills.

The Bills were discharged without examination of the counterfoils?—The Act of Parliament required that the counterfoils should be sent to the Paymasters' own Office, but they might have had access to them in the Auditor's Office.

Among those improvements at that time was the improved conveyance?—Yes.

Were those improvements reported to the Treasury?—No, because they were improvements in detail; they were merely in the details of the execution of our own duties.

There was nothing which required the sanction of the Treasury?—No.

You mentioned that the stamp might be made an efficient check; in what way?—I think that for the future the stamping should take place in the mechanical part of the Comptroller-general's Office, that is, in the department called the Weights and Measures Office, that the head of it should be in possession of the stamp, and that the stamping should be done there, which would be still another check against any irregularity, instead of its being done where it is.

Who has the custody of the stamp now?—The custody of the stamp was with the senior clerk of the Issue Office. An improvement should also be made in the stamp itself, so that the expense of an elaborate stamp may assist in preventing fraud.

Was the stamp delivered out on the signature of the senior clerk, or by his order?—The senior clerk having the possession of it gave it to the messenger, and the stamping took place in the presence of the senior clerk, and the other clerks of the office.

The senior clerk had full control over the stamp?—Yes, from time immemorial.

You adverted to several reports of Mr. Bedford; the Commissioners have seen only one, and part of another; can you give the dates?—There was a Report made by Mr. Fisher, predecessor of Mr. Bedford, to the Finance Committee in 1797; there are the papers laid before the House of Commons by Lord Granville Somerset's Commission in 1830, and the Commission of 1831 of Sir James Graham and Sir Henry Parnell; the Reports, so far as regards Exchequer Bills made by Mr. Bedford, are almost all of them, as well as our own Report to the Treasury, drawn up in nearly the same words.

They were all cognizant of the fact that the stamp was in the custody of the senior

senior clerk?—I cannot say that; but they were cognizant that the paper was in his custody, which is the most important point.

Is the Report of Lord Granville Somerset's Commission of 1830 the same as the return of October 1830 by Mr. Bedford?—I think so; I have not seen the Report of Lord Granville Somerset's Commission; there were former Reports extending a long way up which had been made to Parliament over and over again, I believe for the last sixty years, every one of which detailed the business precisely the same.

The Comptroller or Assistant-comptroller exercises no authority as to ordering the paper?—None whatever.

Nor as to ordering the printing and the copper-plate?—No, that is with the senior clerk of the office; the paper is ordered entirely by the senior clerk; a book is kept of the use and consumption of that paper; a book is also kept of the quantity of Bills printed, and the two together make up the total of the paper.

Is any control exercised over either of those books?—I cannot say that there is; they are in the keeping of the senior clerk, and were balanced up to the last day he was here.

Are you to be understood to say that the Assistant-comptroller or chief clerk at no time had any thing to do with the ordering and manufacture of the paper?—No, none whatever; the senior clerk of the Exchequer Bill issue department gave the orders from time immemorial.

The Assistant-comptroller and Comptroller-general interfered in no way whatever?—No, not at all.

He had no cognizance of it to your knowledge?—None whatever.

You do not remember the practice before?—No, I was not in the Auditor's Office.

Is it within your knowledge how the orders were given to the paper-makers?—No. Sir John Newport gave a letter of instructions to the supervisor, who is sent from this office to see the paper made.

Is he an inferior person?—He is a person who has been a great many years in this office; he is a messenger; he is the same person who was employed in Lord Grenville's time and Mr. Bedford's, to superintend the manufacture of the paper.

The orders given by the Comptroller to this man do not respect the quantity of paper?—No.

Was any variation made in that respect under Sir John Newport's direction?—No, I do not think there was.

The messenger goes down to Exeter, sees the paper made, ascertains, as he conceives, the quantity, and brings it away?—Yes.

Was there a large quantity of paper kept in store?—It was necessary to keep a large quantity of paper in store, because it required, as I understand, that it should be made for some months previously to the printing.

From the quality of the engraving?—From the quality of the paper it was better.

Was there any certain quantity kept in the office?—It was kept by the senior clerk.

It was not according to the expected consumption of the year?—The consumption of the year cannot be calculated; we must be prepared for it.

Does the supervisor render an account of the quantity of paper he brings back?—Yes, to the senior clerk.

Is that all entered in the paper-book?—Yes.

The paper-book was never audited or balanced, except by the senior clerk himself?—No.

The senior clerk has the care of the paper from that time?—Yes.

It is stated by Mr. Bedford that there should be a regular account of the use and consumption of that paper?—Yes.

Is there any account kept of the quantity received into store?—Yes, not only what is received, but what is used; that book was constantly balanced by the senior clerk, and shown to us when we required it.

You did occasionally see it?—Yes.

It was not compared with the quantity?—No.

There was no check on the quantity of paper the senior clerk might order?—No.

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In what mode was the paper-maker paid?—I cannot quite answer that.

Do you know in what mode the printer was paid?—I am not sure at this moment, but I can ascertain in an instant whether he was paid by Treasury warrant, or in the office, but it goes through the hands of the chief clerk.

Was he paid per diem, or for the quantity of work done?—The engraver, I think, was paid according to the quantity of work done.

That has not passed through your hands?—No, the incidental expenses did not pass through the hands of the Comptroller-general, they are paid by the chief clerk.

Will you produce the signing-books?—Those books will give a better history from the beginning of the whole practice of the signing and the sealing of the Exchequer Bills than any other documents we have; they extend for a considerable time; I will point out the care which was taken in the signature; the signing-book records by whom, whether by the Comptroller-general or by the Assistant, each individual Bill is signed, and also in whose presence it is signed. The Bills are brought in by a clerk in the Issue Office, in a box; they were then signed: so much care was taken in the signing, that I never signed a Bill at all but in the presence of another person; if I happened to be called out of the room during the process of signing, the Bills were locked up, and I took the key; equally so, if the person attending me was called out of the room, I locked up the Bills, and gave him the key; at the conclusion of the day, I locked up the bills, and an entry was made in this book of the Bills which I had signed, and the initials of the person in whose presence they were signed; so that on reference to that book, it told the exact number where I left off, which made any unauthorized issue of Exchequer Bills quite impossible, for there never could be a duplicate signed of the same number.

Before they come to the Comptroller for signature they are loose?—That is, from the time they are cut from the counterfoils; they come to us in sheets of three Bills each.

They are not stitched together in any way?—No.

The system of double counterfoil was abolished before your time?—Yes; I never have been able to trace how that system of double counterfoil was discontinued; I have seen no enactment, but I presume that it took place when the Bills were given to the public, instead of being given to the Bank of England.

Originally all passed through the hands of the Bank?—Yes, and the Bank were paid a certain sum for disposing of them, and getting persons to take them.

There has been no improvement in the engraving of Exchequer Bills for a long time?—No, there has been no alteration; for, until the late fraud, it had been found to answer entirely; there never has been a forgery of Exchequer Bills since the year, I believe, of 1697; this is not a forgery, but an abstraction of Exchequer Bill paper, and a forgery of the signature.

In Mr. Bedford's Report, he says, one of the duties of the supervisor is to take care that not a sheet of paper exists but what is sent to the Auditor. Sir John Newport, in his Report, says this became the duty of the senior clerk. Was any alteration made in the system transferring the check from the supervisor to the senior clerk, in 1834?—I apprehend that what is there meant is, that not a single sheet of paper remains in the manufactory; that he, the supervisor, brought back to the Auditor's Office every single sheet of perfect paper which had been manufactured.

Sir John Newport mentions that check as not existing with the supervisor, but with the senior clerk?—The senior clerk, in Mr. Bedford's time, had exactly the same control of the paper as in Sir John Newport's; the system is now exactly that of the Auditor's Office, with those two or three alterations I have mentioned.

But Mr. Bulley never had those duties to discharge which Mr. Bedford had?—No, I think not. In fact Mr. Bulley does not hold the same appointment.

Do you know what becomes of the old plates from which the Bills are printed?—They are scored and defaced.

Under whose care are those plates?—Under the care of the senior clerk; the whole mechanical part of the office is under the senior clerk; for the plates require new picking occasionally; they require the alteration of the dates and the services; the plates are very expensive.

Has

Has there been any improvement in the printing since the establishment of the Comptroller-general's Office?—I cannot say there has been under the Comptroller-general's Office.

There was the same system under Sir John Newport which existed at the time of Mr. Bedford's Report?—Yes, the mechanical part of the system is precisely the same as it was under the Auditor's Office.

No other person, under any name, formed a check on the clerk, who had the power of ordering the paper?—Not any.

It seems by Mr. Bedford's Report that at that time the chief clerk had the control, and by Sir John Newport's Report, that the senior clerk had the check?—The mechanical part remains precisely the same as under the Auditor's Office; those alterations which I have mentioned are not in the mechanical part.

Is it often found necessary to have recourse to the last sheet of the volume of the five hundred and odd Bills?—Yes. I will show the precautions I always took when Bills have been brought to the Comptroller's Office, which had been defaced. By Act of Parliament we are allowed to substitute new Bills; it has been my practice always, as I signed, to make a memorandum, as I proceeded, of any errors in the Bills, and if any clerical errors appeared in any Bill, one of these four was substituted. If a Bill was afterwards brought defaced, and another substituted, a memorandum was made in whose presence the Bill brought was destroyed, and by whom destroyed. There have been occasionally Bills which were signed more than were required, and which were afterwards in consequence destroyed by me in the presence of Mr. Smith, and a signed memorandum made of their destruction.

Were those kept in the custody of the senior clerk?—No; in the chest under the double lock.

Were those perfect Bills?—The surplus Bills were perfect Bills, but the odd Bills at the end of the book were never signed nor numbered—merely in the sheet; the general pratice was to destroy the one that was left. There are four Bills; one at the top of the last page of the book was destroyed, but the other three were left to supply any further demands.

Why was the upper one destroyed, instead of the lower?—I cannot say.

The junior clerk numbers the counterfoil?—Yes.

He would therefore read here 499, 500, and 501?—No; the junior clerk would only have to number 500 Bills.

If you destroyed the upper one of the leaf, instead of the lower, you would issue them out of numerical order?—No. Those four forms of Bills, as I have before observed, are not numbered, either in the Bills or in the counterfoils; they are entirely blank forms; he passes the upper one, and numbers the two lower. What the reason for leaving the upper one might be, does not occur to me at this moment, but I presume there was a reason for it.—[*The Witness produced the Paper Book, the Printer's Book, and the Signing Book, which were inspected by the Commissioners.*]

It appears from the book that you were in the habit of signing, and that Sir John Newport has also signed at the same period?—When I have been at work signing the Supply Bills,—there are a very large quantity of them,—it was necessary that I should not be interrupted; therefore if any demand for Public Works Bills came, they were taken to Sir John Newport for his signature.

You have never signed two descriptions of Bills at the same time?—I may have done so.

During Sir John Newport's time it was the practice for you to sign?—The Supply Bills generally.

How many years was Mr. Smith in the office?—He was 21 years in the old office; he has been here seven years.

Under Lord Grenville, Sir John Newport, and Lord Monteagle?—Yes, and there are the strongest testimonials of Lord Grenville written as to his integrity and good conduct.

Have those been sent to the Treasury?—We have the originals here.

The counterfoils remained in this office till they were sent to the Paymasters' Office?—Yes.

They were in custody here till they were wanted in the other office?—Yes, they were not sent until after the Bills were issued from this office.

How soon after that?—The counterfoils of the Supply Bills were delivered to the Paymasters previously to the exchange.

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They were sent to the Paymasters' Office?—Yes; by Act 48 Geo 3, c. 1, they are sent to the Paymasters' Office.

The Commissioners observe in the book you have produced, in one instance, the name of Mr. Chisholm struck out, and the name of Mr. Beaumont Smith substituted in other ink?—I can give no explanation of that; that was not in my presence.

The attestation of the witness was always, in your practice, put in at the moment the Bills were signed?—Yes, immediately.

Lord Monteagle seems to have signed a larger proportion of the Bills than Sir John Newport did?—Lord Monteagle signed the whole of the first Exchange Bills on his coming into the office; in fact he has signed considerably more than half of them every year.

The book you have produced terminates in April 1840?—After that, Lord Monteagle thought it important to have a new book of parchment to be kept as a book of record. This [*producing it*] is the new book, commenced under the orders of Lord Monteagle.

Mr. Smith was more looked to than Mr. Bulley with respect to the Exchequer Bills?—I think, in the business of the Exchequer Bills, Mr. Smith was more looked to than Mr. Bulley, under Sir John Newport and myself; we looked more to the senior clerk respecting the Exchequer Bill business than we did to the chief clerk of the office, finding in the Reports he was the person who was considered responsible for the preparation of the Bills, and for the custody of the paper. Mr. Cracroft holding the same office which Mr. Smith did, appears to have given the orders for the paper.

It appears that Lord Monteagle's signatures are comparatively few; since he first delegated the duty more to you, you and Mr. Perceval have signed the great majority since that?—I think it will be found that Lord Monteagle has signed more than half the Bills.

The Assistant-comptroller is left at liberty to sign, even though Lord Monteagle may not be out of the way?— Yes.

It appears that there are a good many erasures in the printer's book, not always by drawing a pen through the original, but the whole of the sums are erased?—Yes, that appears to be the case.

Had Mr. Smith the custody of the counterfoils?—He was responsible for them; they were in the office until they were removed to the Paymasters' Office; they are not of use, excepting for verification.

Suppose he had mutilated them, what possibility would there have been of detecting that?—None.

Does it occur to you to make any suggestion for the future?—I think a very small alteration in the present machinery will provide a perfect security against forgery or irregularity so far as this office is concerned; I think the whole control and responsibility of the paper should be given to the Comptroller-general and to the Assistant; that the paper should be only manufactured by the order of the Comptroller-general, be received by the comptroller-general on its return, and be locked up under two locks with equal care that the signed Bills are; that stock should be taken by the Comptroller-general or by the Assistant, at stated times, either once a week, or once a fortnight, or once a month; that an account should be kept by the senior clerk, and the book examined and stock taken by the Comptroller-general himself, and then, as I have said before, I believe it would be utterly impossible, as far as this office is concerned, that there should be any forgery or any irregularity whatever; that was the only check wanted in the system.

Would you not, as a further precaution against forgery, suggest an improvement in the paper itself, and the form of the Exchequer Bill, a more elaborate engraving?—I think it would be desirable that there should be a much more expensive machinery, something like that of the Bank of England, which should be able to stamp, and to number the Bills at the same moment, without which simultaneous action a Bill could not be perfect, and the expense would make it very unlikely that any person who had money enough to purchase such machinery should lay it out in preparing to commit a fraud. I should beg further to suggest, that there should be double counterfoils; that by some regulation one of the counterfoils should always be accessible to the public, and not only so, but that the party bringing the Exchequer Bill to be compared should have a claim

that

that the Paymaster should indorse it, or make a mark upon it, importing that the comparison has taken place in the presence of an authority.

The advertisements to pay off Exchequer Bills require now that the Bills should be brought a few days before to the Paymasters' Office to be examined, but that examination does not in your experience take place?—Before the Comptroller-general's Office was established, the comparison does not always appear to have taken place, for it was found that the office in 1834 was in possession of many counterfoils which had never been given over to the Paymasters' Office, according to 48 Geo. 3, c. 1.

The precaution you propose is, to protect the holder of the Bill against forgery, by enabling him to verify the Bill at any time?—Yes.

You think that the interest should be paid more frequently, but that there need not be an exchange of Bills?—No, I do not mean to say that there should be no exchange of Bills; but I am not quite sure whether it might not be desirable there should be no deposit of Bills at the Paymasters' Office; there have been complaints from time to time of the number of days the Bills are deposited at the Paymasters' Office. It appears to me that such arrangements may be made which may obviate the inconvenience; I do not know that it is one, but if it be, as I said before, I think that arrangements may be made by which those Bills need not be deposited at all.

That inconvenience has been very much increased, by having the exchanges so very seldom, the amount being so much larger brought at the same time?—Yes; of course the more Bills brought in for comparison, the longer time will be taken in their verification. The present course is for the Paymasters, by direction of the Treasury, to issue a notice, requiring that the Exchequer Bills for exchange be brought to their office on a certain day, with a list specifying the Bills to be exchanged, and stating the money which will be required. The Comptroller-general's department in communication with the Treasury, then prepares the Bills, and delivers them to the Paymasters for distribution. I should propose that the Paymasters should require only a list of the Bills to be brought to their office, that a duplicate list should also be given in to the Comptroller-general, that on the day of exchange the parties should bring their Bills to the Paymaster's Office, where a cheque for the interest should be given to them, and if their Bills be found correct, the Paymasters should sign the duplicate list left at their office, which, on being delivered at the Comptroller-general's Office should then entitle the bearer forthwith to the new Bills, which will be ready for him according to his duplicate list left with the Comptroller-general. No doubt, the time required for comparing the Bills with their counterfoils will be urged against this alteration; but it appears to me that arrangements may be made to obviate this difficulty. In the first place, if the former system of double counterfoils be returned to, it will give greater security, and enable two Paymasters to verify at the same time, and the Bills being given out by the Comptroller-general will save time in the Paymasters' Office. The duplicate lists of the money required will inform the Comptroller-general that the demand made by the Paymasters for money is correct, which at present he has no means of knowing when the credit is given for it.

Have any alterations been made since Sir John Newport reported to the Treasury in the year 1835?—None that I am aware of; on reference to the Act of Parliament it would appear that the Comptroller-general has of himself no power whatever to make any alterations in the system, and in the Report on which that Act is framed the Commissioners recommend that the whole management of the Exchequer Bills be transferred to the Treasury.

Have any suggestions of precautions or improvements been made to the Treasury from this office since Sir John Newport's Report?—No, I think not.

The Commissioners report not only that there should be a transfer to the Treasury, but each Bill be countersigned at the Treasury?—Yes.

That was not adopted at the Treasury?—No; that would alter the whole system of the office; the Issue Office must then have been transferred to the Treasury the same as the Paymaster of Civil Services.

Would that have afforded any additional check?—Not the slightest, unless further alterations took place; the precautions were all good, and the whole chain perfect up to the one point, which was Mr. Smith having the custody of the paper, and being looked to as the responsible person.

Sir John Newport says that if the senior clerk is away, all the responsibility

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of the senior clerk rested with the assistant clerk during his absence; suppose the assistant is away, do all the responsibilities of the assistant clerk rest with the senior?—Not all the duties of the assistant clerk, for then it would resolve itself into the senior clerk doing very nearly the duties of the whole office, but the duties of the assistant clerk descend to the second assistant clerk.

By the Minute of the Treasury of the 19th of September 1834 the Comptroller was directed to report fully at the end of the year as regarded the manner of conducting the business, the number of persons required, and the distribution of the duties; was any material suggestion for an alteration made by Sir John Newport to the Treasury at the end of the year?—No material suggestion was made in the Report beyond detailing the duties of each individual clerk in the office.

There was no suggestion for any alteration of the general system?—No.

There is no instance of any unauthorized issue of legally-signed Bills by Mr. Smith?—No; as it appears by the signing-book that the Bills are all issued for a particular purpose to a particular number, there was therefore no possibility of an unauthorized issue; the term is a mistake; an issue means giving out of Exchequer Bills under authority; and neither Exchequer Bills nor credits for money can be given from this office, except by authority.

Do not some of the signatures of the Bills by the Comptroller remain practically in the custody of himself and the senior clerk?—Yes, but the Comptroller-general himself could not have access to the chest without the attendance of another person.

In whose custody were the keys?—The custody of the key of one lock was with the Comptroller-general, and the Assistant also had a key of that lock; the custody of the key of the other lock was with the senior clerk.

Were they all always put into the chest immediately on the signature?—Yes, I always put them in myself; and supposing 25 Bills have been signed for West India Relief or Public Works, I have myself locked them up, and when a portion of them were demanded, I have given them out, and have counted back the other Bills into the chest.

It was the invariable rule that that second key was always taken to the chest by yourself or the Comptroller-general?—I can give evidence only as to my own key, which was never out of my possession at all.

Had the Assistant a key independently of the Comptroller?—He had another key of the same lock; that was necessary in the event of the absence of the Comptroller-general; the senior clerk had the key of the other lock; I am quite sure there is no instance of the Comptroller-general's key ever having been in the possession of the senior clerk.

Who generally issues out the Bills?—That was done in the presence of the senior clerk, and in the presence of the other clerks, for a regulation was made and reported to the Treasury, that two should be always present in the office at the exchanges, and generally three were present.

Were they counted back on those occasions?—Yes.

Henry Williams Chisholm, Esq., Examined.

H. W. Chisholm, Esq.

YOU have been lately second clerk, and are now the principal clerk in the department for issuing Exchequer Bills?—There has been no appointment of senior clerk; I am still first assistant clerk, but acting as senior clerk.

How long have you been in the situation you now fill?—Since October 1834; I have been in the office altogether 17 years.

You have been conversant with the mode in which the Exchequer Bills were issued?—Yes; I was five years junior in that department, from 1825 to 1829.

The Commissioners understand that the paper is made by directions from this office?—Yes, by directions from the senior clerk.

From him exclusively?—Yes.

He orders the quantity of paper he thinks necessary; a person belonging to the office, called a supervisor, is sent to the manufactory to see it made, with the moulds which belong to the office?—Yes, and which at other times are kept in the office.

He sees the making of the paper, receives the sheets, and delivers them to the senior clerk?—Yes.

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The manufacturer is not to make any more than that he delivers to the supervisor?—Exactly; those are the directions given to the supervisor.

How is the manufacturer paid for the paper so made?—He is paid two guineas a ream for the perfect quantity made; he is allowed nothing for what is spoiled.

How is his bill paid?—It is sent in to the senior clerk in the Exchequer Bill Office; he puts his name to it, and gives it to the chief clerk, by whom it is paid.

The chief clerk has no control over the quantity?—No; it has been ordered by the senior clerk on his responsibility.

His signature to the manufacturer's bill satisfies the chief clerk that the quantity is right?—Yes, and that the bill is correct.

As to the copper-plates, where are those prepared?—They are engraved by Mr. Hebden, the engraver, in a room immediately over ours; that is done entirely under the directions of the senior clerk.

By Mr. Hebden entirely?—Yes; I believe though he has had assistance from his brother, under his directions.

Exclusively at this office?—Yes; but I am not sure whether the plates engraved in this office have been ever touched by his brother.

In that case his brother would have attended here to do it?—Yes, certainly.

Mr. Hebden supplies the original plate?—Yes.

Who gives directions for altering the plate?—The senior clerk.

It is altered as often as the plate will admit of alteration in point of date, and so forth?—Yes.

When a new plate is requisite, does the clerk pass his judgment upon the necessity of it?—The senior clerk sees the plate himself, and is satisfied that it will not bear alteration again before he orders a new one.

What becomes of the old plate?—We have a quantity of them in the office.

Who has the custody of them?—The senior clerk; they are kept in an iron chest in our room; when they cease to be useful, he takes a knife and scores them down, so as to destroy the engraving. There is a quantity of them spoiled in the iron chest.

What becomes of the old metal?—I am not aware.

They are supposed to be deposited in the iron chest?—Yes, having been mutilated and entirely spoiled for any use; but they last a long time. I should think they are about the seventh of an inch thick.

Are they mutilated in the presence of any body else but the senior clerk?—The senior clerk does it, I think, when the engraver brings them down; but there is no rule.

The senior clerk is alone responsible for that?—Yes.

How is the engraver paid?—He is paid every quarter; there are certain charges he makes.

Quarterly charges, or according to the quantity?—According to the quantity of work; he receives 20*l.* for a new plate, of which 2*l.* are for the copper, and 18*l.* for the engraving. Mr. Suffield, the engraver before his time, received, I think, 30*l.*

Does he charge by the day?—No, by the work.

When the paper arrives, in whose custody is it?—The senior clerk's.

He takes it into store?—Yes.

When it is wanted for the purpose of printing, who delivers it out?—Either of the three clerks who happen to be there; generally, perhaps, the junior clerk, as it is delivered usually the first thing in the morning.

Is there a book of stores?—Yes, there is a paper book.

Is there an entry made of the quantity delivered out?—Yes, of every quantity, and the printer counts its over in our presence, and puts his initials to the book.

Is the book compared with the quantity remaining in store?—Occasionally.

How frequently was that done?—Perhaps once a year; always once a year.

Once a year the quantity in store was compared with the book?—Yes.

By whom?—Generally by the three clerks together.

In whose hand-writing are the figures of the quantity of paper delivered out?—Either one of the three; the paper-book will show; sometimes mine; generally, perhaps, Mr. Blake's.

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Were you all in the same room?—No; the senior clerk sits in a small room, and Mr. Blake and myself in the large room adjoining.

Where was the paper kept?—In the larger room; the door was almost always open between the two rooms.

Each of the three clerks had access to the paper?—Yes; it was kept in an oaken cupboard, of which we all had keys.

The stock was taken at least once a year?—Yes.

What quantity had you by you generally?—The lowest quantity was about 20 reams; we always kept a quantity in stock; the paper was better for keeping; in case of a sudden alteration of interest, we should use perhaps half as much paper again as the usual annual quantity. I believe the quantity has varied as much as that.

How much paper would 1,000 Exchequer Bills take?—It would take 334 sheets; that would be the greater part of a ream; a ream is 480 sheets.

When you took stock, did you take it only in reams, or count the quires?—Only in reams; the reams are all sealed up, as they come from the mill; they were not opened till they were wanted.

Did you use out one ream always before you began another?—Yes, and when the printer returned any blank paper, we always counted it again.

Did you deliver to the printer a ream at a time?—Yes, we always delivered first any broken ream.

Suppose an entire ream was not used, and part was returned, did you count that again?—Yes; we delivered an entire ream to him, and he delivered back the amount he had not used.

If he used only five-eighths of a ream, you would count back the three-eighths?—Yes.

You knowing the quantity he would require?—Yes, we always gave him written directions.

The Commissioners observe in the printer's book a considerable number of erasures of sums?—That is done by the printer himself.

How does it happen that so many erasures have occurred, and that it is done by the knife, and not by drawing the pen through the cancelled number?—The book is kept by the printer, and perhaps he is not a very clever clerk.

The most satisfactory way of correcting an error of that kind is by drawing the pen through the wrong number, and substituting another; here it is uniformly done by a penknife?—It was not considered a book of that importance it is now considered. The only use which has been made of that book is to check his account, and to see that his account is correct.

The printer occasionally spoiled some of the sheets probably?—Yes, he did.

Did you give him out an allowance for that?—There was always an extra allowance given out for that.

Did you make him account for that extra allowance?—Yes, he always brought back the damaged and the unused paper.

Do you know how the orders were given by the senior clerk for the manufacture of the paper; were they always in writing?—Always in writing.

Were copies kept of the orders?—Yes, they were always entered in our books.

Were there never parole directions given for an alteration of the amount?—Not of the paper to be manufactured; there is only one order in a year, and that is for the whole amount, in this form:—"To Messrs. Harris & Trimlett, paper manufacturers.—Gentlemen; You are hereby authorized (or required) to manufacture so many reams of Exchequer Bill paper, the moulds for which will be delivered to you by such a one, messenger of this office."

Was that entered in the letter-book?—Yes, in our correspondence book.

How does the printer charge for his services?—He charges a guinea and a half for every book of 168 sheets.

Supposing the number of Bills forged were in value about 370,000*l.*, and that some of those were 500*l.* Bills, not many, there would be about half a ream of paper required for those, would there not?—If they were all 1,000*l.* Bills, there would be only 124 sheets of paper.

Had the printer charged for those in his account?—Yes.

That account was checked by Mr. Smith, and no one else?—It would be checked by me, if Mr. Smith was not there.

You would check that by the quantity ordered?—Yes.

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How would there require to be a larger quantity ordered than was wanted for the service?—We did not know beforehand what would be required.

What became of the forms if they were not required for delivery?—They were always kept in the closets; I understand the question to allude to the Supply Bills; the practice has always been to keep them in a cupboard in the senior clerk's room, and they were generally destroyed when we had leisure, or at any convenient time.

After the Supply Bills were delivered out, if you found an extra quantity of printed papers, it was the custom to destroy them?—Yes, there was no regular time for destroying them.

How were the orders for printing given?—They were given in writing by the senior clerk to the printer; there have been cases where he had verbal directions to print a greater number perhaps.

Without any other authority than the parol order of the senior clerk, the printer has occasionally printed an additional quantity of Exchequer Bills?—He has, but not often.

A quantity varying from the original orders recorded in the office?—There has never been any record kept of the order to the printer; the printer keeps the order.

Was that always a written order?—There was always a written order given, but there have been instances of its having been varied by the senior clerk going down and telling him we shall require so many more, specifying the number.

In that case you would get an extra number delivered to your office; the Supply Bills requiring only 100, you would get 130, for instance; what would become of the remainder?—They would remain in the cupboard in the senior clerk's room.

Suppose the senior clerk wished to conceal the fact that he had given this order for an extra number of sheets, might he not, by taking care himself to receive back the paper from the printer, get possession of a certain number without the knowledge of any person in the office?—No, he could not, for the paper-book records the quantities at all times; as soon as the printer finishes his work, he brings his book up, from which we make up the paper-book, so that we know the quantity printed by the paper-book.

Is not that done frequently by the senior clerk?—No, it may be done by him, but it has been usually done by one of the others.

Or any one of the three?—Yes.

Was any account kept of the number printed, except that account in the paper-book?—No, except that and the printer's book.

Has the supervisor any check upon that?—The supervisor is merely a supervisor of the manufacture; the superintendent of the printing is another person, that is Mr. Peak.

The chief clerk has no cognizance whatever of the orders for the manufacture of the paper?—It would be very likely to be mentioned to him, but I do not know that it would.

The printer, of course, would act upon the order of the senior clerk?—Yes, entirely so.

Has that always been so?—I believe so.

Mr. Bedford states that the senior clerk gives orders for the manufacture of the paper under the cognizance of the chief clerk; are you aware of that?—I believe all the cognizance is, that he is aware of the fact of the man who is the supervisor going away; as he is one of the messengers of the office he could not go away without his sanction; I do not think Mr. Bedford ever had any thing to do with ordering the quantity of paper manufactured.

Do you recollect about the 10th of May last year sending an order for a certain number of books to be prepared, and 100 sheets?—It must be about that time that the order was given to the printer.

Do you recollect what number came back from the printer?—They were printed for the June exchange, 15 books, 130 sheets.

What direction did you give?—I gave the first direction for 50 sheets; my first direction to the printer was to print 15 books and 50 sheets.

That was calculated on the number you would require for the Supply Bills in June?—Yes.

It was not long before the time; therefore you probably knew pretty nearly?—We

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We could not tell till within a few days of the exchange; we know the number of Bills that may come in for exchange, and always calculate upon that.

You know the number you must be prepared for, but they do not all come in?—Just so.

Do you remember 130 sheets coming in?—Yes, there were.

What became of the 80 sheets?—They were put into the cupboard.

Did not that excite some observation?—There were 15 books and 50 sheets ordered by me, subject to the senior clerk's approbation; Mr. Smith, the senior clerk, altered my direction afterwards, and struck out 50, and ordered 100; and the printer has since told me he altered the 100 himself to 130 by verbal direction of the senior clerk.

Can you state the quantity actually required for the June exchange?—The quantity actually issued was 15 books of 500 Bills each, and 53 Bills.

Your original order somewhat exceeded the quantity required?—Yes.

Was that sufficient for the whole issue of the June exchange?—Yes, of 1,000*l.* bills.

There were left out of the order to the printer above 70 sheets entirely unused?—Yes, considerably more.

Was that ever accounted for in any way, was any account taken of it?—No, the spare sheets remained in the hands of the senior clerk in the cupboard in his room.

Till they disappeared?—Yes.

Their disappearance did not excite any observation?—Their disappearance was not observed by us.

Had he access alone to that cupboard?—No, we had keys of it as well.

But you had not occasion to go for other purposes to that cupboard?—No, we had not.

When was the discovery first made of this paper being deficient?—When the cupboard was examined, after Mr. Smith's confession.

At what period was that?—About the 24th of October last.

From June to the 24th of October there were no means taken to ascertain the correctness of the quantity of printed paper in store?—No, there never has been an account kept of the printed paper in store.

At that time all the three clerks had access to this cupboard?—Yes, the paper frequently remained there until we had fires, and then we destroyed the Bills, by burning them.

Did you reckon them before you destroyed them?—Never.

This was a common cupboard?—Yes.

Was it even locked?—Oh, yes.

There were three keys to one lock?—Yes.

We understand that the first Bill on the last sheet of Bills was cut out and destroyed?—It was destroyed at the time of the cutting them out from the counterfoils.

But all the surplus printed Bills nobody destroyed, except on such occasions as you describe?—Just so.

Why was the first on the leaf always destroyed?—I do not know; it was always the custom; perhaps the two lower ones were considered as more convenient to number, being nearer the hand.

Supposing an Exchequer Bill in the course of going through the process was obliterated, or any thing happened to it that it could not be made use of, how was that cancelled?—It was cancelled by crossing it with the pen in the way of that before the Commissioners.

Invariably?—Yes, invariably.

Were the last three Exchequer Bills always cancelled?—No, they were cut off, or torn off, and placed by themselves in the cupboard.

Was any account taken of them?—No.

Do you recollect the last destruction of any of those printed forms in the office; how long previous to the order of the 10th of May?—I do not know; the only recollection I have is, that Mr. Smith told me one day after he had been stopping later than we had, that he had occupied himself by destroying the spare Bills.

At what period of the year was that?—I cannot recollect.

In point of fact, it was not the system of the office regularly to destroy those printed forms?—No, there was no regular system of the kind.

Have you been occupied in the examination of the Bills since the discovery?—I have.

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Who kept the counterfoils?—They were kept in a cupboard in our office.

Not in the office Mr. Smith occupied?—No.

Were they kept under lock and key?—Yes, each of the three clerks had a key of the cupboard.

Were they left open during the day?—No, unless we had occasion to open the cupboard, they were always locked up at the close of the day.

How long were they kept in this office before they were sent to the Paymasters' Office?—They were always sent up before the next exchange.

Just to be in time for the next exchange?—To be in good time.

They were not sent in regular system after the delivery of the Bills?—No, they would be always sent before the next exchange.

Not before the exchange of the Bills to which they corresponded, but the immediately succeeding exchange?—Yes.

The counterfoils of the March Bills would be sent before June?—Yes.

In what manner is the sealing done?—That is done in our room by Peak in our presence before the Bills are signed.

Does the sealing form any check at all?—I think not.

They are sealed in your presence?—Always in our presence.

Is it done by machine?—It is done by a common press worked by the hand; the seal takes out, and is kept in an iron chest, under lock and key, when not in use.

By whom?—The keys of the iron chest are kept in the senior clerk's room.

What does that contain?—The copper-plates, and a few Bills cut off from their counterfoils, and the seal.

A few Bills cut off, for what purpose?—A few Bills ready to be sealed and signed for issue.

The senior clerk has complete access to the seal in the absence of the superintendent or the other clerks?—Yes, he is merely employed for the mechanical part of the business.

There is nothing to be done but the putting the stamp into the machine, and turning it?—No.

The machine is not locked up?—No.

The superintendent has no responsibility?—None whatever as regards the sealing; he is superintendent of printing.

The seal is in an iron chest, which is in an oak cupboard, of which each of the clerks in the office has a key?—Yes.

The seal is a common stamp?—Yes.

Does that make as fine an impression as the seal used at the Stamp Office?—I think not.

Is there any account kept of those Exchequer Bills which are in the iron chest?—No.

The stamping takes place immediately before the signature?—Yes.

At that time it is known accurately what will be wanted for the issue?—Generally speaking, in the case of exchanges there are a great many signed before we know the exact number which will be required; we do not know that, perhaps, until within forty-eight hours of the day of exchange.

It is always under an Act of Parliament in which the sum is filled up in the House of Commons before it goes into the House of Lords; you know the Treasury warrant will direct you to issue that number?—Yes, but that is always more than the number actually issued for the exchange.

The Treasury warrant falls short of the number specified in the Act of Parliament?—The Treasury warrant is for the whole amount authorized by the Act of Parliament; at that time we should not issue the whole.

But you prepare yourselves for the whole number specified in the Act?—Generally.

The Treasury warrant cannot exceed that?—Certainly not.

Some are not required immediately?—They are not.

The great majority probably?—Yes; in the case of Supply Bills, we have generally only those printed which we require for the actual occasion; for instance, last June the warrant was for 11,000,000; of that we issued something less than 10,000,000.

You made preparation by sending to the printer a much larger quantity than was required for the 11,000,000?—No, the number printed did not amount to 11,000,000.

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You were understood to say that the number you ordered in the first instance was to cover the whole number to come in for the exchange?—Yes; but they did not amount to 11,000,000; they amounted to hardly 10,000,000; there are two Acts of Parliament every year; the first is generally for 11,000,000, and perhaps for the first exchange there will not be more than 10,000,000 required; the second Act is for the whole amount which may be required for the year, deducting the 11,000,000.

In providing for this exchange of Supply Bills in June last year, you ordered that paper which, by your calculations, would have given you new Bills for the whole of the 11,000,000?—No, for the whole amount outstanding, which were liable to come in for exchange in June; they did not amount to quite 10,000,000.

Whatever the maximum, you ordered a sufficient number of Bills to cover the whole amount?—Yes; sometimes 100*l.* Bills are exchanged for 1,000*l.* Bills; that has been done occasionally, and reduces the actual number of Bills outstanding, but increases the number of 1,000*l.* Bills.

That does not happen to any large extent?—No.

What has become of those extra printed Bills which were kept in this closet; are they still there?—They are locked up in the iron chest, those that remain.

They are precisely in the same situation as they were at the time of the discovery?—Yes.

Are they stamped as well as printed?—No, not stamped or numbered.

Was it the practice to bring before the Comptroller, for his signature, all the Bills that were printed?—No, we have some not brought forward to be signed.

Did you stamp more than were required for signature, so as to have the residue in the office prepared for issue?—Not in the case of Supply Bills; we have in other Bills.

There has been no variation in the practice with regard to those Bills which are retained?—No; the Supply Bills that now remain are removed to the iron chest; there are two iron chests, one in which the signed Bills have been kept, and the other in which the copper-plates and the other Bills are kept.

Who has the key of your chest in which they are now kept?—Lord Monteagle has had the key ever since their removal.

Are the stamps also removed?—Yes, Lord Monteagle has had possession of the stamp ever since.

The keys are removed out of the custody of the clerk?—Yes, we have no keys at all; Lord Monteagle has all the keys at present.

Practically speaking, was there any efficient check whatever on the senior clerk, from the time of sending the order for the manufacture of the paper to the moment of putting in circulation Bills which might have been stamped in the absence of the superintendent, and the absence of the other clerks, and signed by him in the absence of any other person?—No, there was no efficient check.

That has been so as long as you remember the office?—Yes.

There has been no variation in the practice of the present and the old office, as far as regards that part?—No.

During the former time, those Bills were left publicly exposed, so that any one of the clerks might have used the stamp, and signed a Bill, without any check whatever?—Yes, exposed to the three clerks; the ancient practice was to have a great many more printed.

Was there no check then as to the orders for the printing?—No, no more than there is now; there was an alteration in 1838; the date is printed in now; previous to that, the Bills were printed in blank, and the dates were written in.

By whose hand were those dates written in before?—Either one of the three clerks.

In actual practice, has it been the course to examine the account kept by the senior clerk of the use and consumption of the paper?—No.

Not to examine the book of stores?—No.

There was no check kept on the quantity of paper received into store, and issued from the store?—No, no check, only an account.

Have you been in the practice of seeing Lord Monteagle or Mr. Eden sign the Bills?—Yes, constantly.

There

There is a signing-book kept?—Yes.

When does the clerk who sees the signature sign his name to that book?—As soon as the signing of that parcel is finished.

He immediately fills up the line, and adds his initials?—The entry is made in the book generally before we take the Bills in; as soon as the Bills are signed, the Comptroller or Assistant-comptroller signs his name, and then the clerk who receives the Bills and examines them signs his name.

In the book now gone out of use written on paper your signature appears in one instance cancelled, and Mr. Beaumont Smith's is substituted; do you recollect how that occurred; it was in the case of three 100*l.* Bills?—I do not recollect the circumstance.

Do you always attest the signature in that book in the presence of the Comptroller, and before you quit the room in which the Bills are signed, and in which the Comptroller is?—Yes, where we have been present at the signing; where they have been signed in the Comptroller's room.

The Comptroller signs that book in your presence; and you remaining in the room all the time, uniformly attest his signature?—The usage is not invariable for us to attend during the signature, but whenever we do, we always sign the book before we leave the room.

Whenever you attest, are you always present at the signature?—No.

Mr. Eden was in the habit of requiring your attendance?—I believe Mr. Eden invariably did.

Lord Monteagle has not invariably?—Not invariably.

Still it is entered in the same way, and attested by one of the clerks?—Yes; in that case we examine the signatures and count the Bills before we sign the book.

The Bills are delivered to you, reckoned over, compared, and then you sign against Lord Monteagle's signature?—Yes.

In point of fact, you do not verify the signatures, but verify the fact of the Bills being delivered back to you?—Yes, and that they are signed.

Are they always delivered to you through the person who signs the Bills?—Sometimes by Mr. Bulley, the chief clerk.

Are they always signed by the Comptroller or Assistant-comptroller in the office?—By the Assistant-comptroller always, not always by the Comptroller.

Has Mr. Perceval's practice been similar to Mr. Eden's?—Yes, except that where he has had a great many to sign, he has not had one of us with him during the whole time.

But you have in that case invariably gone through the practice of seeing that the signatures were correct, and counting the Bills after they were signed?—Yes.

The signing book has always been sent with the Bills to the Comptroller when he has signed elsewhere?—I think it has.

Is the column which contained the signing officer's name written by the signing officer himself, or by the clerk?—It is always the Comptroller or the Assistant-comptroller's own signature.

Do you recollect the heading of the column where your initials are put?—"By whom received," is the heading of the column.

What are your office hours?—From half past ten to four.

After 4 o'clock any one who had possession of the keys of the oak cupboard might have got possession of the seal?—Yes.

Whose entries are those in the book shown to you where there appear to be erasures; the W. W. are the printer's initials?—Yes; those alterations are owing to a mistake in subtracting; most likely it was merely a clerical error of Mr. Blake's in subtracting; when we got the new paper, we took stock, and found there was a ream wrong, and so discovered the mistake.

Do you usually make your alterations in your books by erasures of the knife?—We have done so; but in those books, which are more immediately records, we do not erase at all; I recollect no circumstance of an erasure.

That you state to be in consequence of a clerical error of Mr. Blake's?—Yes, a clerical error, I think, in deducting.

The entry as to which you have been questioned is of the 25th of January, three Bills; your signature appears against the entry erased, and Mr. Smith's substituted?—I have not the least recollection of the circumstance.

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In whose hand-writing is that correction in December 1839 of a mistake in September of seven reams of paper?—That is my writing; the first is in Mr. Blake's hand-writing; I was absent at the time for my vacation; but I appear to have found out the mistake, and to have made the alteration; I suppose it was the time we took stock.

There is another erasure in the quantity a little further on in the book?—That is in Mr. Blake's hand-writing; he must have put the wrong number printed, I suppose, and altered it; that will appear from the printer's book. The printer, when he has finished his work, always brings his book up.

He appears to have received 161 sheets, and printed 61, and returned 110?—Yes, it should be 51; the mistake is obvious. The number of blank paper returned is the principal thing, and that is correct. In taking stock, we should see that the 110 is the right number, and that that is in stock.

The paper for the Bills is made in a particular mould, is it not?—Yes.

Where is that mould kept?—In our office, locked up in an oak case; the keys are kept in the cupboard.

That is sent down each time to the paper-mill?—Yes.

Did you ever produce the paper-book to the Comptroller or Assistant-comptroller?—I do not remember that I did.

Or to the chief clerk?—No; if they asked to see it, they would, of course.

It was not part of the system to produce it?—No.

There are, you say, two locks to the iron chest in which the signed Bills are kept; are you aware whether at any time the keys of those two locks have been in the possession of the same person?—Before 1829 we had merely an oak cupboard, in which they were kept; there were two locks to that cupboard, and each of the three clerks had two keys.

Since the iron chest with the two locks, are you aware of any time when the keys of the two locks have ever been in the custody of the same person?—There has been no time that they have been, I am sure.

After the discovery was made of Smith's delinquency, were you able by the paper-book to discover what quantity of printed Bills had been taken away?—We discovered what quantity could have been taken away. I have an account of that here.

What quantity of printed Bills are missing?—The quantity of the June Bills unaccounted for is 205, of the March Bills 357; but of these last, some probably have been destroyed, as of the smaller descriptions.

Are the counterparts of those in existence?—No, the entire sheets are gone.

Have you seen any counterparts of those Bills?—No, I have not, and I should have seen them if they had been in the Issuing Office.

Have you any means of knowing whether that had been done in previous years?—No, none whatever.

Have you any means of knowing whether all the printed Bills had been previously destroyed?—No.

Have you any account what number remained over year by year which ought to have been destroyed?—I could make it out from the books.

Did you make any entry of the number that were destroyed?—No, we kept no account whatever of them.

It is merely to be got by a comparison of the printer's book with the issue book?—Yes.

Were those prepared in books or in sheets?—In sheets stitched together in books; of those remaining over from last June the strings were cut, to take away the counterfoils of the last Bills issued; the counterfoils were stitched together, but those loose sheets were not.

Has it occurred to you that any alteration might be made for the improvement of the system?—By keeping a more strict and a more checked account of the paper, both blank and printed, and making stricter regulations as to their custody.

Do not you think it would be necessary to take a little more care of the mould from which the paper is made also?—Yes, that should be kept in more strict custody.

It appears in Mr. Bedford's Report, that the duties of the assistant clerk are said to be, that he keeps books in which are entered all orders relative to the Exchequer Bills, and one copy (two being kept) of the book of issues; this book shows

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shows at one view the number made out of every description of Bills, the number issued, and the number unissued, in the hands of the Auditor; prepares weekly for the use of the Treasury a certificate of Bills, and enters generally in the books of the department; assists in making, indorsing and separating Bills. Sir John Newport says he has all the responsibility of the senior clerk during his absence. Are these still the duties of the assistant clerk?—Very nearly, since the introduction of the double numbering of Bills. I have generally numbered the Bills of 500*l.*, 200*l.* and 100*l.*; they are about equal in number to the 1,000*l.* Bills.

Is there any part of those duties intrusted to the assistant clerk which operates in an efficient manner as a check on the senior clerk?—Not at all; our duty is to assist him, not to check him.

Is there any part of the duties of the junior clerk which operates as a check on the senior clerk?—None whatever.

Sir John Newport says that the assistant clerk has all the responsibilities of the senior clerk during his absence; the same opportunities the senior clerk would have of doing any thing improper would therefore appertain to the assistant clerk during his absence?—Most certainly.

And almost to a greater extent, because there is not the check of the assistant clerk upon him?—Yes, that is the case during the absence of the senior clerk.

Should you have the same power of ordering paper in the absence of the senior clerk?—Certainly.

Your signature would have been respected in the same way?—Yes.

Or your parol orders to the printer?—Yes, certainly.

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YOU are the junior clerk in this department?—I am.

You have been in the office ever since it was remodelled, in the year 1834? I have; I have been in it twelve years, and more.

There was a book kept in the office called the printer's book?—There was; it contained an entry of the number of sheets printed for each description of Bills; it checked the account of paper delivered to the printer.

The entries in that book appear to be in your hand-writing?—No, the entries are in the printer's writing; when he had completed his order, I sometimes checked and signed his account, as will appear by reference; sometimes one of the other gentlemen did it.

There appear to be considerable alterations in the paper-book; do you know how those occurred?—No, I do not, further than that it must have been from inadvertence in putting down a wrong figure; it could not be from anythingelse.

There are thirty-seven reams received in September 1839, but only thirty put down; there appears to have been a correction made in December—[*The book was shown to the Witness*]?—I have no recollection of the circumstance.

Do you suppose that was discovered at a stock-taking?—I should think so; occasionally when we delivered new paper to the printer, we might look at the stock of paper, to see that it corresponded with the quantity as outstanding by our book; we must have been doing that at the time, and discovered that the entry was wrong; whether I made a mistake in that thirty reams of new paper could be easily discovered by referring to the account of the paper returned by the paper-maker.

When paper arrived, you were in the habit of making an entry in that book?—Yes.

Did it always come in entire reams?—In each delivery of new paper there was generally so many reams, and a fraction of a ream; this part of a ream might be reckoned in quires or sheets.

How often have you been in the habit of looking over the paper, and taking stock?—Not frequently; on the last occasion Mr. Smith and I were by, and we looked over it, and found it to correspond with what appeared by the book to be outstanding.

You found that the number of reams in store corresponded with the entry?—Yes.

When you delivered it out to the printer, what was done?—We always made an entry in the paper-book, "Delivered to the printer so many reams, so many sheets,"

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sheets," as might be; the printer counted it over before he carried it from the room, and affixed his initials against the entry, as proof that it was correct.

What was done with that which was returned from the printer?—We always examined it, knowing the quantity which had been given out, and entered in the paper-book, "From printer, so much printed, so much returned," and brought out the balance.

Were you in the habit of printing more than was necessary for the exchange coming on?—Yes, it has always been the custom since I have known the office to order more than was necessary to cover the exchange. I had never myself anything to do with giving the printer orders; Mr. Smith generally did it; Mr. Chisholm did it in his absence.

Do you know in what way the quantity was regulated?—We knew by the amount of Bills outstanding the probable number of each description required for a particular exchange; but, as many circumstances might affect that number, and as we could not know for certain until a very few days before the exchange what amount was actually wanted, it was considered only a proper precaution to be provided.

Do you know how it happened that so large an order was given to the printer in May 1841?—No; I have since then seen the orders which the printer had, but I cannot give any information how that arose; Mr. Smith had the direction of it, and it was done entirely by his order; the extended order I understood from the printer he gave verbally to him; he gave an order to a certain extent in writing, and then he went down to his room, and extended the order to the quantity actually printed.

What became of the surplus quantity?—That which after an exchange was found useless, was placed generally in an oak press in Mr. Smith's room: there are two rooms attached to the department, the one the office-room, and the other the room in which Mr. Smith sat. The overplus printed paper of Supply Bills was by common custom placed in the bottom cupboard of the press in his room: the press contained two cupboards, opened by the same key.

Who received the paper from the printer; whose duty was it?—It was not the duty of any body specially; it was brought up into our office by the superintendent of printed paper; whoever numbered the counterfoils of the Bills counted it over; but it was not the fixed duty of any one to count it.

Did you make an entry of the surplus forms that came in from the printer?—No; nor of any printed paper further than the entry in the printer's book; indeed, what would be surplus or useless, would not be known until after a certain time.

They came stitched from the printer?—Yes.

Who generally numbered the counterfoils of the Bills?—That was my duty more especially; though the other gentlemen occasionally numbered a few.

It was considered the duty of the junior clerk?—Yes.

How often was an account of the store of paper taken, once or twice a year?—Generally as much as twice a year; but it was not taken with regularity at all; there was no fixed day or fixed particular time.

When you took it did you make any reference to the number of printed forms in the closet?—No; what I understand by the store of paper is, blank Exchequer Bill paper, without reference to printed forms; they were never taken into account when we checked our stock of paper.

They were never destroyed systematically?—No, never.

Did you ever destroy them yourself?—Never, without the presence of one of my seniors.

When was the last time you were cognizant of the destruction of any of those printed Bills?—I really cannot tell.

Do you remember any during the winter of 1840–41?—There must have been some surplus paper destroyed between March and July; there must have been some surplus paper after the March exchange; but I have not any recollection of having destroyed it, or having been present when it was destroyed; it was a thing not done systematically, but might have been done by Mr. Smith in his room unknown to me; though I have no doubt of some having been destroyed between March and June; I cannot tell when it was.

Do you mean that you assume some must have been destroyed because there must have been some surplus?—Yes; and because we do not find any sheets of small Bills in the office; there are, to the best of my recollection, some surplus

sheets

sheets of 1,000*l.* Bills of the March exchange now in the office; but I think I am right in saying there are no 500*l.*, or 200*l.* or 100*l.*

What you mean by saying that they must have been destroyed is, that they are not forthcoming at the present moment?—Yes.

There is nothing in your office which will give you information of the quantity which may have been destroyed?—No; we can ascertain how many were printed beyond what were used, but there is no entry to show what was destroyed; I knew it was the custom to destroy useless printed sheets, and I thought they always were.

Have you been employed in the comparison of the Bills with the counterfoils?—Yes.

Were there many spurious Bills of 100*l.*, 200*l.* and 500*l.* sent in?—No, not one; they were all 1,000*l.* Bills.

You say it was your duty to number the counterfoils?—Yes.

Did you also separate the Bills from the counterfoils?—Yes, that was one of my more immediate duties; the other gentlemen occasionally did a few.

The stamping took place after their separation?—Yes.

Did Mr. Smith take his vacation in 1841?—Yes.

At what time?—After the June exchange; he went away about the middle, or towards the latter part of July, and returned the early part of September, I think.

Do you know where he went to?—He went to Chester, and drove through North Wales, thence to Bristol after.

Did you take the stock of paper during his absence?—I do not recollect whether the stock of paper was examined during his absence: there were some Bills printed whilst he was away; there were 432 sheets delivered to the printer on the 31st July, I observe.

You followed the usual course of giving out the supply to the printer, of giving out a larger quantity than was required for immediate use?—The usual course was followed, that is, the quantity of paper delivered was in proportion to the order the printer had to execute.

What became of the surplus?—The surplus blank paper was placed with the stock of blank paper; the paper printed was placed in one of the presses in the office-room.

Do you remember the previous printing in June?—Yes.

You are aware, perhaps, that there was double the quantity required for the purpose of exchange?—I was not aware of that.

You are aware that prepared paper would be put into the same closet?—Prepared paper, by which is meant, I conclude, printed paper, is generally kept in a closet in the office-room; that which after an exchange was superfluous was put into the press in Mr. Smith's room.

There was a great number of printed forms printed, and not used, which were put into that press?—Yes.

You say in August there were some Bills printed?—Yes; Bills were then printed to complete the 11,000,000*l.* Act, without a date, in case the Government should want to use them before the following exchange in March. These Bills would probably have been put in a press in the office-room: occasionally Bills of this description might have been placed in the press in Mr. Smith's room.

What use could there be in August in printing Bills to the amount of 11,000,000*l.*?—Bills were not printed to the amount of 11,000,000*l.*, only enough to complete the 11,000,000*l.*; those printed in June had a date in them; but Government might have required some under that Act at any time, when if there had been a date printed in them they would be useless; and I believe they might have been used for the following March exchange.

Where would the proper place have been to put those Bills which you were getting ready for the next issue?—Occasionally in the press in Mr. Smith's room, but more generally in one of the presses in the office-room.

Who keeps the key of that?—The key is kept in the press in Mr. Smith's room; we all three have a key of that press.

We understand that for the last three years all the Bills issued for exchange have had the date printed?—Yes.

Then if you were to use next March those Bills printed without the date in August, would not that immediately create a suspicion on the Stock Exchange?—Probably

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—Probably I was incorrect in stating that those Bills might have been used; I can inquire.

Had you access to the press in Mr. Smith's room during his absence?—Yes; that was the office press, not at all a private press.

You could have observed its contents, and seen what paper was in it?—Certainly.

Were the surplus Bills put in the press in Mr. Smith's room stamped?—Oh, no; they were quite in the form in which they came up from the printer.

The stamp was in the room?—It was in an iron chest in the office room, the keys of which were kept in the press in Mr. Smith's room, and therefore could be got at by any one of us.

Did you invariably keep your own keys, or were they hanging up in your office?—There never were any keys openly hanging up in the office; we had each a key of our private desk, and a key of the press in Mr. Smith's room.

Did you always keep the key of that press in your possession, or was it hung up in the office?—We always locked up that key in our private desks.

Was it the fact that that cupboard was standing open all day?—It was in the upper cupboard of the press in Mr. Smith's room that the keys of the office presses and chests were kept; it was generally opened of a morning to take out what keys were wanted, and in the afternoon, when the keys were again deposited in it, it was locked up; it generally remained open or unlocked during the day.

Is all that paper printed for the eleven millions in store now?—Yes; what was printed since June, and the surplus remaining of the June Bills, are in the iron press.

Has that been counted over and found correct?—That which has been printed since June without a date, has been counted, and found correct.

You do not know whether there is any deficiency in their number now?—There is no deficiency in the number of Bills printed without a date since last June under the Eleven Millions Act.

Do you know whether any deficiency has been discovered in the number printed in the month of June, and remaining over?—I believe there has.

To what extent?—It is difficult for me to state exactly; I know Mr. Chisholm, and I counted the number of sheets remaining; but I cannot state the deficiency without seeing the account; I think there was as many as 300 or more Bills, that would be 100 sheets of 1,000*l.* Bills printed more than were necessary.

Who was present at that examination?—Mr. Chisholm was present; he counted the Bills first, and I counted them over after him to check him.

Was any body else present?—I cannot recollect.

Is it your impression that any body else was present at the time or not?—My impression is, that there was not any body else.

When did this take place?—I think subsequently to the cessation of the examination of the Bills.

When was the cessation of the examination of the Bills?—About the 26th of November last.

Had those Bills been reckoned over before that time?—To the best of my knowledge they had not.

Had there been any reckoning over of the Bills printed in June 1841, prior to the 26th of November?—I am not aware that there had been; when this affair first became known, all the Bills in the press in Mr. Smith's room were immediately taken from thence, and placed by Lord Monteagle in the iron chest in the office room, the keys of which have ever since been kept by his Lordship; so that between that period and the present, no access has been had to the Bills without his Lordship's intervention.

When was that?—To the best of my recollection on the evening of Monday the 25th of October last.

From June to the 25th of October, so far as you are aware, no discovery had been made by any one that a large number of those Bills had been abstracted?—Certainly not.

Would not the printer's book and the quantity actually used and issued show you exactly what the surplus was?—We could tell exactly what the surplus was by that means.

That surplus did not agree with that which your books would give?—Certainly not, as regards the 1,000*l.* Bills printed for the June exchange.

Dudley

Dudley Montagu Perceval, Esq., Examined.

D. M. Perceval, Esq.

12 January 1842.

YOU hold the office of Assistant-comptroller of the Exchequer?—I have, since the 5th of January last year.

Have you or Lord Monteagle been in the habit since that period of signing the Exchequer Bills which have been issued?—We have divided the work between us. I think I may have signed rather the larger number.

Has it been your practice to have a clerk present when you signed, or not?—Very frequently, not during the whole of the time. I have often only sent for the clerk when I had got nearly to the end of the work, to commence the counting of the Bills over; sometimes he has been present during the whole time.

If he was not present during the whole time, he had to count over the Bills afterwards?—Yes, but always in my presence, while I was signing the rest of the Bills.

Your authority is derived under the 26th section of the Act of 4 and 5 Will. 4?—Yes.

You have been in the habit of signing the book which is called the signing book?—Yes.

Those signatures in one of the columns of that book are in your hand-writing?—Yes, those opposite to all the Bills which I have signed.

When was your attention first called to the method of the business; was it in reference to the preparation of the Exchequer Bills for the March issue?—Without referring to the signing book I cannot say. I think I have signed some Public Works Bills and occasional Bills earlier.

When did you first inform yourself respecting the business?—When I came back to the Exchequer to hold my temporary appointment during Mr. Eden's leave of absence, I made it my business to inform myself generally as to the changes in the mode of doing business consequent upon the Act which remodelled the office. Learning that no material change had taken place in the Exchequer Bill department, I directed my attention less to that branch of the office than to any other.

You were in the Auditor's Office previously, were you not?—No. I was one of the Deputy-tellers in the old Exchequer; the preparation of Bills for the March issue last year was the first grand issue on which I was engaged.

Probably you did not at all inquire into the store of the paper and the number printed?—No. I understood that it was, and had always been, the duty of the senior clerk of the Bill Office to prepare all that was necessary.

You thought that that was all going on regularly?—I had no doubt it was going on as it always had done at the Exchequer.

The paper book was not brought under your notice at all?—I am not aware that I ever looked at it; I may have noticed it casually, but it was never brought under my notice officially.

Neither habitually or regularly?—No; but I was aware that a paper book was kept as a regular thing.

You probably were not aware of the excess in number of Bills printed in the month of May?—I did not know the precise number ordered to be printed. I was aware that more Bills were printed than came to be actually used, because I knew that the whole number required was not accurately ascertainable till a day or two before the issue; and that the printer must necessarily work a day or two beforehand. Speaking generally, I was aware of the fact that more Bills were printed than were actually wanted, but as to the exact number of the excess I was not informed; I supposed it to be a small number.

Did it come to your knowledge that the number ordered in May was twice altered?—I have learnt that subsequently from Mr. Chisholm; but I was not aware of it at the time.

Were you aware of the plan in the office as to the appropriation of surplus Bills?—I cannot say that I was, further than that if any were over, they would be destroyed as waste-paper. If I had been asked the question at the time, I should no doubt have said, "there must be a few sheets of printed Bills over, and I take it for granted the senior clerk sees them destroyed."

You consider it part of the system of the office that the senior clerk should be made responsible for this matter?—Certainly. I consider that the senior clerk of the Bill Office was responsible for this, as for all the details of the duties committed to his department.

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Are you aware that a considerable number of Bills was ordered in the month of August without the date?—No; I was never apprised of the orders given to the printer.

Your appointment is still of a temporary nature?—I am holding the office for 15 months, from the 5th of January 1841, during the absence of Mr. Eden.

When you entered upon the duties of this office you inquired what the duties of your own particular office were, and did not trouble yourself about the machinery of the office in general?—I inquired what the duties of my own office were, and also made inquiries as to the change of the system from what I had known it in the old Exchequer, so as to make myself master of the duties of the office in general. But finding on inquiry there had been little or no change from the old system in the Exchequer Bill department, I paid less attention to that than any other branch of the office, taking it for granted there was nothing new to learn there.

When you were in the Tellers' Office the Exchequer Bills went immediately from the Auditor to the Teller?—Yes; they were brought up by the messengers to the Tellers' Office.

Did that afford any check which has been done away with?—Not against such an offence as Mr. Smith has committed.

Did it against any other?—I believe the Tellers may have counted over the Bills before they went into their chests, and also on delivering them out, possibly with more minute accuracy than the Paymasters do; as every thing was done at the Tellers' Offices with very minute accuracy; but I apprehend the Paymasters of the Exchequer Bills also count over the Bills they receive from this office.

If there was any security to the public from the Bills going through the hands of the Tellers, that is done away with?—It certainly gave another opportunity of detecting anything wrong or inaccurate in the Bills themselves; but I do not think that secured the public at all against the purloining of Exchequer paper by a clerk of the Bill Office, for we saw nothing of the Bills till they were brought up to be counted into our chests.

Many of the Exchequer Bills are signed without any warrant from the Treasury, are they not?—The warrant is anticipated in preparing for a large issue, for the Bills must be got ready beforehand.

Would you not consider it rather an unusual thing to prepare in August for Bills which may be issued in March?—I should think that never had been done. I doubt if any such preparation has been made as to print Bills in August for the March issue.

There appear to have been Bills, on the grant of 11,000,000 *l.*, to a large amount ordered to be prepared in August, of which some small portion might be required immediately, but the larger number not likely to be required till March next?—I never heard of it; but there may have been some reason for printing Bills on that grant, which at present escapes me.

One of the keys is in your custody?—Yes; one of the keys of the chest in which we keep the signed Bills; that was never out of my custody; in general I locked up the Bills I have signed immediately after signing them; as soon as the signatures to the duplicate signing-books were entered, the Bills were taken into the Bill Office and locked up.

Did you deliver them out again to be separated?—This is done, in general, at one, or at most at two strokes of work, on one or two days just before the issue; it occupies a considerable time; I do not know that I ever happened to open the chest at this time; I think Mr. Bulley, the chief clerk, opened the chest to get at the Bills in March and June for this purpose.

How did he get at the chest?—He had the Comptroller-general's key from time to time. The Bills are then tied into bundles, and replaced where they were before. The accuracy of that proceeding would of course be checked by the delivery to the Paymaster, when they must be all counted over to the Paymasters' officers.

There could be no fraud, except by the substitution of a forged Bill for a true one?—I would not say that would have been impossible if a man had a forged Bill ready at that time; but that was very unlikely, for the Bills during their preparation are in such demand, the printer can hardly keep pace with us; the spare sheets of a few books might have been in the hands of a clerk if he was disposed to steal them, but any great amount of prepared forgeries at that time I should say was impossible; certainly it never entered into Mr. Smith's mind

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to commit his fraud in that way; it would not have answered his purpose, for the fraud must have been detected on their coming back to the Paymasters' Office for the next exchange; they would have been discovered by the counterfoils.

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You have no reason to suppose that any fraud has been committed as to the signed Bills; they have been committed by absolute forgeries?—I have not the least reason to doubt that; I have seen almost all the bad Bills, and am perfectly certain they are forgeries.

Do you think checks exist at present sufficient to prevent fraudulent Bills obtaining a genuine signature?—I think it nearly impossible that the person who keeps this signing-book could sign Bills he ought not to sign; in the first place, it would be a most improbable thing that any man should attempt to induce him to do it, for the chances would be a thousand to one that he would be found out on the spot. The signing-book tells us what number of Bills and what series of Bills we are to sign. If a supernumerary Bill was introduced among them, it might certainly escape the notice of one man, but it would be very unlikely to escape the notice of the second person who examines and counts them after the signing officer. It cannot be a single Bill, as three Bills are on every sheet; so that three numbers repeated must pass under one's eye, and the recurrence of all three not be noticed; this would be very unlikely. As to any extended series of duplicate numbers recurring, it could not possibly escape the notice even of a single individual, still less could it pass the eye of two independent persons, the one signing, the other examining Besides, as all the Bills are locked up as soon as signed under two keys, if a surreptitious Bill was among them, it could never be got at by the party who had placed it in the series, unless by a great chance he could abstract it whilst the separation of the Bills was going on, and that before several witnesses.

Is it not the fact, that all the precautions which have been used have been to guard against the abstraction of Bills regularly signed, and not to guard against any improper use of the paper before it has received the stamp and the signature?—Certainly, I think there was no precaution whatever taken against the act of theft, which this is; and it is no wonder, we did not expect our clerks would be thieves; every precaution was taken to prevent parties out of the office being improperly in the possession of the paper of the office, and every precaution was taken in the office to ensure that the business of making the Bills and keeping an account of them and recording them should be done with the most undeviating accuracy, but none against stealing of the paper by the clerks was thought of.

Do not you think this goes beyond the stealing of the paper; there was the stamp used?—That was an additional convenience to Mr. Smith, as he could get at the stamp in his own office; but it would not have been very difficult for him, at a little expense, to have got a stamp fabricated; if any other person had got possession of the printed paper, it was an easy matter to imitate our stamp.

That would have involved greater risk of detection?—No doubt it would; but it was for the sake of security the stamp was kept in that department. It would have been much better (as it turns out) if it had been kept in the mechanical department, down stairs, in the weights and measures' office, only that there might have been some larceny committed on the Bills in their transmission backwards and forwards between the two departments.

THURSDAY, 13*th January* 1842.

Henry Williams Chisholm, Esq., further Examined.

IT has appeared from the evidence, that there was a considerable number of Bills with blank dates struck off in the month of August last, to a greater amount than could be wanted; Mr. Blake has stated that they would be useful in March if not wanted previously; will you explain how that is?—The amount of the Treasury warrant was 11,000,000*l.*, to which amount the Comptroller was authorized to make out Bills; in June last the amount issued was something under 10,000,000*l.*; the Bills printed in August were for the balance of the grant which

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which the Comptroller was authorized by warrant to make out, and which he might have been called upon any day to issue for the current services, and they were printed, as has been always the custom, for that purpose.

So that the date might be the true date of the issue, and show the time from which the interest was to run?—Just so; they would be dated on the day of issue; they are still in reserve for that purpose.

Will it be deemed fit to issue those in March?—No, because those issued in March will have the date printed in them for the March exchange.

It occurred to the Commissioners that a Bill dated for the regular time of renewal with a written date would excite suspicion in the market?—It would very likely not be sold in the market.

Are the Commissioners to understand that it is the invariable custom that all Bills wanted for exchange should have the date printed in them?—It is now.

When did that practice commence?—In March 1838.

All Exchequer Bills prepared under the warrant of the Treasury which may be wanted for particular services in the interval are not printed with the date, but the date is filled in in the office, as they may be called for?—Yes.

[*The Evidence of Mr. Blake on this subject was read to the Witness.*]

Mr. *Chisholm.*] I should explain that the cupboard in the senior clerk's room referred to is a double cupboard; the upper part contains a screw-press where the keys of the office are deposited; in the lower part the surplus Bills are kept, which is very rarely opened; those Bills printed in August were, most probably, put with the remaining portion of the printed Bills in the lower part.

Did not your first answer refer to the Bills printed in June?—No; to the Bills printed after June without a date.

Mr. Smith was absent from July to September?—Yes.

Had you occasion, during his absence, to go very often to this cupboard in which the surplus Bills were deposited?—Not to that part, there is a separate door and a separate lock to that part.

Had you no occasion during his absence to go to the lower part of that press?—No; I believe there was nothing in that part except the surplus Bills of the June issue, and these Bills.

There was nothing which in the regular course of the office would occasion your opening that part of the press?—No; I believe it was not opened at all, except it may have been for depositing in it the Bills in August.

Were there 11,000,000 *l.* of Bills printed in June?—No, about 10,000,000 *l.*, quite sufficient to cover the amount required by the exchange.

There were 11,000,000*l.* printed in August?—No; in August there were Bills printed to cover the balance between the amount of the exchange and the amount of the warrant.

What was the amount of Bills printed in August?—I have got the exact number printed here; but we never take the amount; we take merely the number sufficient to make good the issue at the time. The whole amount of Bills printed in June was 10,407,900 *l.*; there were a considerable number spoiled in course of preparing them, besides what remained over and above after the issue. The amount printed in August was 1,117,400 *l.*

Have any of those been issued up to the present time?—Those all remain in the office locked up in our chest, of which Lord Monteagle has the key.

Have any of them been abstracted?—No, the number is perfect.

You are understood to say, that of the prepared forms of a previous issue, there have been a considerable number abstracted?—It is believed so, from their non-existence in the office.

You do not find them?—No, they are not accounted for.

You said you would prepare a paper, showing the total number unaccounted for?—Yes, I have that.

What was the amount of the Bills issued in June?—£. 9,900,700.

What is the difference remaining on the June Bills?—£. 487,200.

How many of those Bills so prepared now remain?—Of the 1,000*l.* Bills there remain 177 Bills in store; it appears that there were two hundred and five 1,000 *l.* Bills missing.

How many ought there to have been?—There ought to have been by the account as made up, three hundred and eighty-two 1,000*l.* Bills; I have not made

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made a calculation of the other descriptions to take the whole amount of them; there was a considerable amount that might have been exchanged in June that was not exchanged for new Bills, the holders had money instead; that will explain why there was a much greater amount printed than was actually issued.

Do you recollect the amount taken in money that quarter?—I do not; it did not come through our office.

You were in the office during Lord Grenville's time?—I was in that department from 1825 to 1829; then I was in the Auditor's Office from that to 1834.

Do you know what was the course as to the custody of the paper when it came back from the paper-maker during Lord Grenville's time?—Precisely as it is now; it was delivered by the supervisor to the senior clerk, and kept in his custody in cupboards, as it is now.

It was not under seal in any way?—It was not; every ream is sealed up as it comes from the paper-maker.

It was not sealed up by the Auditor or chief clerk?—No; it was entirely in the custody of the senior clerk.

There has been no variation in the practice in that respect?—No.

There has been no variation as to its being delivered out?—No.

Can you explain what Mr. Bedford means by saying in one of his reports, that the senior clerk gives orders for the manufacture of the paper, under the cognizance of the chief clerk?—I believe that he means nothing further than that he is cognizant of the order being given, but he gave no directions as to the amount, those emanated entirely from the senior clerk.

He did not countersign them at all?—I believe not.

The name of the engraver employed by the office is Hebden?—Yes.

Has he ever had occasion to call in any assistance during the pressure of business?—I am not quite sure of that.

Is he ordinarily employed in engraving?—He is an engraver.

Where does he carry on his business?—In Perceval-street, Northampton-square, I think.

Supposing he found that the work he had to do was too much for him to get through within the limited period for preparing the plates, to whom would he apply for power to call in assistance?—To the senior clerk.

Was not there a greater check as to the printed paper formerly than exists now?—No, certainly not.

It was exactly the same?—Yes, entirely in the custody of the senior clerk.

The order for the amount to be printed was exclusively given by him?—Yes.

There was no check whatever?—No.

And the custody of the plates in the same way?—Entirely.

Mr. Smith says that in 1831 Lord Grenville issued some orders respecting the printing of the Bills; the restriction referred to the perfect seclusion to be observed during the hours of business, and to the secure deposit of the plates on quitting the engraving room; do you know what those orders were?—I have not a copy of those, Lord Monteagle has, and no doubt the engraver has as well, but I know there were very strict regulations made by Lord Grenville as to the engraving and as to the perfect seclusion of the engraver during the time he was at work, and as to the secure deposit of the plates during the time of their being engraved.

The order goes to their secure deposit on quitting the engraving room; does that refer to the secure deposit of the plates when they were taken away from the room, or when the engraver left the engraving room?—When the engraver left the engraving room; those instructions, I believe, are contained in one of the books which are removed to the Record Office.

Were your duties as assistant clerk defined by any minute of the Comptroller or Assistant-comptroller?—No, practically speaking, the whole of the duties of the Issuing Office are to be performed by the senior clerk, and he is assisted in them by the other two; there have been reports made of the duties actually performed by each individual, but there has been no minute or direction founded on that.

There has been no minute or formal instruction given to the senior clerk defining his duties?—I believe not, merely the custom.

Which practice is detailed in the Reports made from time to time to the Treasury?—Yes, or to Parliamentary Committees.

Mr. *Richard Gower*, Examined.

Mr. *Richard Gower.*

13 January 1842.

YOU are a messenger in the Exchequer Bill Office?—Yes, and supervisor of the manufacture of paper.

Have you a separate appointment for that?—These are my instructions on that subject [*producing them*].

Was that the first time you were appointed?—No, I was appointed first in 1831, and re-appointed by Sir John Newport in 1835.

Are those the first written orders you had?—No; Mr. Bedford, the late chief clerk, destroyed the first instructions.

Were the first instructions the same?—Nearly the same; Sir John Newport made a little alteration in them.

Can you point out what the alterations were?—I cannot call them to my memory at the present moment.

Cannot you recollect whether the different parts of it formed parts of the former one?—I cannot call to my recollection at the present time, although Mr. Bulley told me that Sir John Newport had made a little alteration in them; I do not recollect what the alterations were.

Were you before instructed to keep the moulds always in your own custody?—Yes, I had always orders to do that.

Were you instructed not to permit any person to have access to them except in your presence?—Yes.

Had you instructions to take them out of their case at the commencement of every day's work, and when it was concluded to return them into it?—Yes.

Locking the case, and either taking it to your lodgings or depositing it in a safe place in the mill?—I always take it to my lodgings.

Did that form part of your instructions?—Yes, always.

Did you ever leave the moulds in the paper-mill at all?—Never.

Were you before instructed not to quit the workmen while they were at work?—Yes, and I never left them for any space of time but I took away the moulds with me; that was in the first instructions.

Were you before instructed when any sheet of paper was declared to be faulty or unfit for use to require it to be delivered to you, and to destroy it with your own hands?—I believe I was instructed the same in respect of that in the first as I was in Sir John Newport's time.

Were you instructed before to keep an account of the number of sheets made on each day as soon as it could be ascertained?—I was.

Were you instructed when it could be removed into a place of safety to consider it under your care, and not to allow any person to have access to it but in your presence?—Yes.

Were you instructed when the whole quantity of paper ordered was manufactured to see that it corresponded with the amount and number of sheets made in each day, and to consider yourself responsible for its security?—Yes, the whole of that I think I was instructed to do before.

Were you instructed, when the paper, or any portion of it, was to be conveyed to the Exchequer, to seal up each portion of it with a seal placed in your hands?—I have not a distinct recollection whether that was the case, for there was none sent up but what I brought up.

Had you a seal placed in your custody?—Yes; I always had a seal placed in my hands to seal it.

Did you always seal that paper up with your own seal?—I always sealed it with my own seal, and with the second seal of the proprietor of the mill.

Had you instructions before if any difficulty occurred to make it known immediately to the chief clerk by a letter addressed to the Exchequer?—I will not be positive whether that was in my first instructions or not.

From whom did you receive the moulds?—From Mr. Smith, the senior clerk.

From whom did you receive the seal?—The seal I have always kept in my own custody.

Do you keep it when you are here?—Yes.

Is it not the seal used in the office?—It is one of the same sort, but not used for any purpose but the sealing of Exchequer Bill paper.

From whom did you receive instructions as to the quantity of paper to be made?—From Mr. Smith always.

When

When you receive your instructions to get paper made, you go off to Exeter?—I go off in a day or two; Mr. Bulley has generally appointed the day I should go, or Mr. Smith has appointed the day that would suit Mr. Bulley.

That is the result of conference between Mr. Smith and Mr. Bulley?—Yes.

The mill is near Exeter?—Two miles from Exeter.

What time is consumed in the preparation of the paper and making of it?—It takes sometimes longer and sometimes shorter; it depends entirely on whether there is any breaking down; sometimes it will be eight or nine days, at other times seven days in making it, but a much longer time is consumed before the paper is ready to take away.

They begin the commencement of the manufacture after you get there?—Yes, within a few days, as soon as they can prepare the stuff; they cannot begin the making of it until I get down; it may be a different sort of paper from that they make for their own use.

It is a different sized paper from that ordinarily made?—Yes.

Do you take down written orders?—Yes, always.

Written by whom?—By Mr. Smith.

Did you ever show them to Mr. Bulley?—No.

That has been the case from your first appointment?—Yes.

When you first superintended the making of the paper, Mr. Bedford was chief clerk?—Yes.

Did you ever show the letter you received from the senior clerk to Mr. Bedford?—No; it was always sealed up so that I could not do it.

Do you know whether that letter was countersigned in any way by Mr. Bedford?—No.

You never saw it after you got into the country?—No; the proprietor of the mill has told me the quantity he had orders for, but I have never seen it.

What is the name of the maker of the paper?—Harris and Trimlett, Countess Wear mills, near Exeter; in the first year of my appointment Mr. Street had it; Mr. Street was leaving the mills, and Mr. Harris took them.

Had you ever any communication with Mr. Bedford as to the quantity of paper you were to order?—I think I have named it to Mr. Bedford, that Mr. Smith has given me orders for a certain quantity that he wrote in the letter; I will not be positive, but I only heard the quantity by word of mouth; I never saw the letter.

When you returned with the paper, did you make any report to Mr. Bedford of the quantity you had brought back?—No; I always gave the account to the senior clerk.

Was that account in writing?—Yes, always in writing.

You said you had reference to Mr. Bedford, but it was as to the day of going?—Yes.

And that only as far as you know?—Yes; Mr. Smith told me he had agreed with Mr. Bedford to send me off on such a day.

You were on the general establishment of the office, not connected with Mr. Smith particularly?—No; I was in general attendance on Mr. Bulley, the chief clerk.

From any communications you ever had with Mr. Bedford, had you reason to suppose that he was cognizant of the amount of the order given to you?—I think that Mr. Bedford always knew the quantity from Mr. Smith.

Did you gather that from your communications with Mr. Bedford?—No, I did not, for Mr. Bedford merely told me himself that he had settled with Mr. Smith for me to go off on such a day to take care of the paper, and so on.

What grounds have you for your belief that Mr. Bedford knew it?—By Mr. Smith telling me that he has seen Mr. Bedford about it.

Do you recollect any instance of Mr. Bedford asking you the quantity of paper you had brought up?—I cannot recollect any instance.

Do you recollect any instance of his asking you to show him the letter you were to carry down to the mill?—No; I do not think that he ever did ask me to show him the letter.

That letter was always sealed?—Yes.

Would you have thought yourself at liberty to leave the office on the authority of Mr. Smith, without speaking to Mr. Bedford?—Mr. Bedford always gave me orders that I was to go down to the making of the paper on such a day; that he had settled with Mr. Smith, and Mr. Smith would give me the orders I was to take.

Mr. *Richard Gower.*

13 January 1842.

You would not have thought yourself authorized to go without receiving the orders of Mr. Bedford?—No.—[*The Witness produced the moulds.*]

Where are those moulds kept?—They are kept in the office; I deliver them up as soon as I return.

When did you make your last journey?—I went on the 8th of July last.

Did you receive a letter from Mr. Smith then?—I did, in the usual way.

The day of your going was settled by Mr. Bulley?—By Mr. Bulley and Mr. Smith.

Just as had been the case during Mr. Bedford's time?—Just as has been the case ever since I have had any thing to do with it.

When are the moulds delivered to you before you go?—On the day previous to my going.

By whom?—By the senior clerk.

Into whose custody do you deliver the moulds back?—Into the custody of Mr. Smith or Mr. Chisholm, whichever was in the office.

And the paper?—Yes, and the paper also.

All the instructions you receive, except as to the day of your departure, are from that branch of the office?—Yes.

How long have you remained in attendance?—I have generally been at the works about ten weeks; I have been there the months of July, August, and September; I have got back in the month of September.

You make a written report of the quantity of paper you bring back with you?—That is from the proprietor of the mill; I generally make a little memorandum of it with a pencil.

How do you know the quantity?—I take down every day's work at the close of the day.

You report to Mr. Smith the quantity you have taken down from day to day?—I give him no report until I return to the office.

You give him a report of the quantity manufactured from day to day?—Yes.

Do you give him the actual paper you write at the mill?—Yes; this [*producing it*], dated October last, is the account of Exchequer Bill paper manufactured last autumn; some days they make a great deal more than others; they may be short of stuff or of water, or some part of the mill-work may break.

Was that about the general proportion of the amount of manufacture?—No; sometimes there is not so much break, sometimes there is a little more.

You have never been more than once a year?—No.

You delivered to Mr. Smith a copy of that account?—Yes, of the amount of paper manufactured or destroyed.

In what manner did you usually destroy what was injured?—In respect of making, I used to destroy it the same day, by working it up in boiling water, so as to reduce it to a pulp.

How could you do that with sheets that had got to the finishing?—The only way to do it is to do it by boiling water, stirring it up into a state of pulp.

When did you take an account of the number of sheets?—At the finish of them.

At the finish of each day's work?—No; I can tell by each day's work what number of sheets have been made in the course of the day, according to the number of posts, 130 sheets to a post; so that I put down the number of posts, and from that worked it off to the number of sheets made in a day.

Did you make pencil memorandums as the mould was dipped into the vat, or at what period?—When they were laying it out, that is, after it was put into the press, and the water pressed out, there is a boy to take it off between the felts, and to lay it in posts; as he laid it, I told the sheets.

Is any part of that book [*the paper book*] in your handwriting?—I do not see that there is.

There is an entry in September 1839, "To new paper, 30 reams;" and that is altered afterwards, "should be 37"?—I never saw that.

Have you any means of ascertaining whether you brought up 30 reams in September 1839?—This is an account of the number of sheets made in 1839 [*producing it*].

From whence did you get that?—That I have copied from the pencil-marks of my memoranda; the whole amount was 18,200 sheets, reduced 440, leaving 17,760.—

17,760.—[*It appeared, on calculation, that the number of sheets would make* 740 *quires, or* 37 *reams.*]

From whence did you get the paper you have produced?—I have kept it by me.

Did you make out two copies of the paper which you returned?—I delivered a copy to Mr. Smith; sometimes I have kept a copy for myself, but not always.

Do you actually count the number of the sheets of paper, or do you depend upon the number of felts?—I counted them myself, as the boy threw them off from the felts.

The Commissioners understand that they are pressed when they amount to 130 sheets?—That is what is called a post; then the boy lays them off from the felts, and that is the period at which I count them.

When the paper is completed, do you then count them over again?—Yes, when they are finished, ready for putting into reams, the man who is to put them into reams counts them over first, and I count them again, and then I see the number of sheets perfect, and the number that are broken, and compare them, to see whether they correspond with the number which have been made; then they are put into the press, and stay for two or three days; it is put into the press in reams.

You count it into reams, and then it is put into the press?—Yes; I count to see that the number of sheets are correct when the man lays it into reams.

When the ream is taken out of the press, is it sealed?—It is not sealed till the exciseman has been to weigh it.

The first counting you put down in pencil?—I make a memorandum of the number of sheets which are made.

Do you keep that paper?—I destroy it after I have made a memorandum of it.

As soon as the exciseman has passed it, you put the seal on?—Yes.

Does it remain in your custody from the time it is counted till the time it is sealed?—It is locked up during the time it is in the press; I put the chain round it, and take the key with me, and when it is drying, when the men want to go and open the shutters, to let in the air, to dry it, I have to unlock the door.

How long do the moulds last?—I think these have been about eight or nine years in use.

What became of the old moulds?—Mr. Smith broke them up.

In your presence?—Yes; he first of all took out the water-mark, and then he broke them up; they had been broken, and were rendered totally useless.

You bring back the paper sealed up, and deliver it into the hands of the senior clerk?—I do, by waggon or van.

Are you present when your seal is broken open?—I am not.

You say your seal was a seal like the other seals in the office?—Yes, the office seal.

Is it of the same size as the others, so that the same impression is taken from it as from other seals?—Yes, I think it is as nearly like the other seals in the office as can be.

Do you mean the same size as the seals used for stamping the Exchequer Bills?—No, a seal for letters.

Might the ream be broken open, and sealed up again with another seal used in the office, without its being known?—That might be done; but then there is Mr. Harris's seal on the paper; if they broke the one, they must break the other, and they could not put that on again.

Mr. *Robert Hebden*, Examined.

WHERE do you reside?—At No. 34, Goswell-road.

You are employed by this office as engraver?—As engraver of Exchequer Bills.

Do you alter the plates as well as engrave them as often as there may be occasion?—Yes.

How long does a plate usually last?—That depends upon the number of impressions taken off, and the alterations it has undergone; they will frequently alter five or six times, sometimes more or less.

It will bear alteration five or six times?—Yes, frequently, it depends upon the

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quantity taken out; if there is but a little taken out here and there, it will last longer than if there is a larger space taken out.

The date of the Act referred to is the place which requires the most frequent alteration?—Yes, that is one of the parts that requires it most frequently, but there are other parts that require it as often.

What is the average duration?—That depends upon the number printed off, and also on the copper, some copper is harder than other; I think the average may be taken at 6,000 off a small plate, but the larger will not take off so many, for it is more under the hand, and is more rubbed; the printer is about a fortnight or more working on one of the Exchequer plates, whereas the same number might be printed off a small plate in the course of two or three days.

All the plates for the use of this office are of the same size, are they not?—Yes, they are.

How are you paid for the work done?—I am paid for engraving a new plate 18*l.*

Does that include the copper?—No, the copper is 2*l.*

What are you paid for the alterations?—That depends upon the quantity, the usual alterations come to about 4*l.*

Have you ever had occasion to employ any body to assist you?—I have occasionally had assistance.

Do you recollect what persons have assisted you?—Yes, a Mr. Gibson, a young man who learned the business under the same master as myself.

He has been here to assist you?—Yes.

You do the whole of the work here?—I do.

You never do it any where else?—No.

Under whose authority did you call in Mr. Gibson to assist you?—Mr. Smith's authority.

Did you make the application to Mr. Smith in writing?—No, verbally.

And permission was given verbally?—Yes, Mr. Smith was aware that there was more work than I could get through in the time, and he recommended me to have assistance.

What was the last occasion on which you called in Mr. Gibson?—He assisted me I think last February.

How long does it take you to engrave a plate?—To engrave one from beginning to end would occupy me nearly a month; I have generally got them forward before I have received orders for them; Mr. Smith always advised me to get them forward in such parts as were not likely to undergo alteration.

Did you ever have any other assistance than Mr. Gibson here?—Never any other.

Was Mr. Gibson of your own selection, or was he recommended to you by any body else?—He was my own selection.

Have you received any written instructions as to the mode of conducting the business here?—I never received any written instructions; I received verbal instructions from Mr. Smith.

When did you receive those verbal instructions?—When I was first appointed to the office; I succeeded Mr. Suffield in 1833.

You know of no instructions delivered shortly after 1831 by Lord Grenville?—I am not aware of any.

Will you explain the mode in which the business is conducted as to excluding other persons, what are your instructions in those respects?—My instructions were not to allow any persons unnecessarily to come into my room whilst I was engaged on the plates; the plates are not in my custody after they are engraved, I deliver them to the printer, and he has then the custody of them.

Do you deliver them to the printer?—I have generally delivered them to the printer.

Where is the room in which you work?—My room is above, the printer's is below; no person has been admitted into my room whilst the work was going on, except Mr. Gibson when he assisted me.

When you have completed the engraving, what do you do with the plates?—I then deliver them into Mr. Smith's office, or if the printer is waiting, I deliver them to him.

They did not in all cases go through Mr. Smith's hands to the printer?—They did not in all cases.

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During the time the engraving is going on, what do you do with the plates?—I seal them up when I leave at night, but when I am absent but for a short time, I lock them in a wooden box, and lock up the room.

That room is appropriated entirely to your service?—Entirely; Mr. Gibson, I beg to state, has never been here in my absence.

Do you know the number of plates now in use?—Of the Supply plates I think there are seven now in use.

How long have those been in use?—Some longer than others, I think there is one which has undergone only one printing.

In the case of plates being deemed unfit for use, what becomes of them?—They are then destroyed.

In what way are they destroyed?—I can only recollect one instance, when I destroyed them by filing and scraping so that no impression could be taken off, and then they were cut up.

In case of a plate becoming unfit for use, do you deliver it to the senior clerk?—The plates are in the possession of the senior clerk, the printer delivers them to him when he has completed his order, and if a large number of Bills are required, the senior clerk requests me to examine the plates in his presence, and report the state of them to him, when if any are unfit for use they are crossed over, and remain in his possession.

The destruction of the plates was not effected by you?—Yes, there were a number of them delivered to me at one time for the purpose of being destroyed.

Can you tell how many plates, old and new, you have had in use since 1833?—I cannot tell that, probably some have been printed from, without their passing into my hands at all, not requiring alteration.

How many plates have you had in your custody at any one time?—I have had no plates in my possession, except those I have had some work to do upon, and which I charged for, so that the number can be ascertained by the account.

How often have plates been given to you to be destroyed?—Only on one occasion.

Are you aware that other plates have been destroyed or gone out of use without being destroyed by you?—I have heard that they have been before my appointment.

Since your appointment are you aware that any plates have been destroyed, or are no longer in use without having been destroyed by you?—I am not aware of any having been totally destroyed, except by me, but I believe there are some out of use; there were a number upon that occasion when I destroyed them, I should say more than a dozen plates, perhaps twenty.

At what time was that?—It must have been three or four years back.

Had those plates been in use up to the time they were destroyed?—No, many of them were very old plates which had been out of use for some time.

But still preserved?—Yes.

You do not know the number of plates now in existence?—No.

From whom did you receive directions, when a plate was to be altered as to the date and other alterations to be made?—I generally received them from the senior clerk, but in his absence I have received them from Mr. Chisholm.

Are those orders now produced by you in Mr. Smith's handwriting?—I believe they are.

They are not signed by any body?—No, they were not usually signed.

They are merely the forms of the new Exchequer Bills?—Just so.

That is a note to intimate to you the alteration you have to make?—Yes.

Can you furnish an account of the number of plates you have had to work on, since you commenced in 1833?—Yes.

Can you say the number you have now to work upon?—I cannot say the number that are in use, for some of them may not have been in my hands at all; there are seven for the Supply Bills I believe now in existence, eight is the usual number, but there was a very short time allowed for the last alteration in June, and one of the March plates was altered for the June issue, therefore there are only seven.

In the case of a plate becoming unfit for use, you do not uniformly make a report to the senior clerk; the printers do not send the plate to you to get your opinion whether it might be repicked and rendered fit for use?—No.

It passes from the printer into the hands of the senior clerk?—Yes.

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You say there are seven plates for the Supply Bills, do you mean seven for use or seven in existence?—Seven in use.

Do you know how many there are in existence?—No.

Are they all for 1,000*l.* Bills?—No, they are for different sums, 1,000*l.*, 500*l.*, 200*l.* and 100*l.*

Two of each sort?—Yes, except the 200*l.* of which there is only one, they were meant as two sets, one set for the June issue, and one set for the March issue.

You always received your directions either from the senior clerk, Mr. Smith, or from Mr. Chisholm?—Yes.

They delivered you the plates?—Yes.

Did you deliver the plates to the printer without any written authority?—I was in the habit of doing so; Mr. Smith desired me when I had completed the plates to deliver them to the printer that they might be worked off.

You considered that the whole process of the work was going on?—Yes.

You say there are seven plates in existence for the Supply Bills?—Yes.

When did you make those plates?—At different periods; one was engraved last June, the impression of which I have here.

You mean the seventh?—Yes.

To make up the whole four, you altered one of the March plates?—Yes; there were only three plates for the June issue, unless I had taken one of the March plates and altered it for the purpose, that completed the four plates for the June issue, making one deficient of the March plates, which would have to be replaced in March.

You had not time to manufacture the full complement for June, and therefore altered one of the March plates for it?—Yes.

What became of that plate which had been previously used, for which this March plate was substituted?—I am not aware of that.

You did not destroy it?—No; I did not destroy any; it is probable I might have crossed it over in Mr. Smith's presence, but I have not perfectly destroyed any since the occasion I referred to just now.

Were there a whole new set of June plates made last year?—No, there were some old plates which had been used on previous occasions; there were three old plates, one of which I believe had been printed for the March issue, and one new plate.

For what sum was that March plate which was so altered?—I believe it was a 200*l.* plate.

Do you recollect the date when you had previously made any new plates?—Last June twelvemonth there were two new plates.

Were those 1,000*l.* plates?—One was 1,000*l.* plate, and one 100*l.* plate.

You made more 1,000*l.* plates, probably, than for the smaller amount?—When a new plate was required for any of the amounts, I frequently engraved the new plate for a 1,000*l.*, and substituted the old 1,000*l.* plate for the smaller amount, as there are more 1,000*l.* Bills required than any other description; the 100*l.* plate works out quickly on account of the material used in the printing; it is a rough colour used which wears out the plate; a great deal depends upon the quality of the ink used, some inks will wear the plate considerably more than others.

You made a 1,000*l.* plate in June 1840?—Yes.

You then required another 1,000*l.* plate in June 1841?—Yes, the 1,000*l.* plate made in June 1840 was converted into a 500*l.* plate, and used as such in June 1841; and the 100*l.* plate made in June 1840 was also used in June 1841; and the 200*l.* plate used upon that occasion was the one I before stated was taken from the March set of plates; it did not matter substituting the plates from one issue to the other, for they were always replaced for the next issue.

Had the plate made in June 1840 become worn out?—No, it was used as a 500*l.* plate in June 1841.

Are those all the plates which you have drawn a line across?—It is probable I may have done that, or Mr. Smith may have done it.

It was crossed over?—It was the custom to do that.

In several instances you have yourself mutilated a plate?—Yes, and in one instance I have totally destroyed them.

In other instances you have drawn a line across?—In examining the plate with

Mr.

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Mr. Smith, he has said, "Well, that may as well be destroyed," and he has taken the knife and crossed it over.

Should you consider it rendered unfit for use by that process of crossing it?—I should not have liked it to have gone out of the office in that state; an ingenious person might have restored it; but when I have destroyed them, I have filed and rasped them, and made them totally useless.

Have you got an account of the number of plates you have made since your appointment in the office?—I can furnish an account of the number of plates I have prepared, and the number of alterations.

Can you distinguish by your account whether it is the same plate which has come under your observation more than once?—I cannot say, they are so exactly resembling each other; I could have told at the time, but my account would not show that, and I could not recollect it now.

Were the instructions you received for altering the plates always in writing?—No; I sometimes received verbal instructions.

Sometimes you received memoranda in writing without signature?—My instructions never had a signature to them.

You have no means of knowing what plates were in use when you came into the office?—I have not any means of knowing that.

Still less what plates were in existence?—No.

Nor do you know whether the plates you destroyed entirely were all the plates that were then in existence, and not in use?—I am not aware; I examined all the plates with Mr. Smith; he stated which should be destroyed, and which preserved, but he did not read over a list.

You cannot remember the number?—No, I cannot at this moment.

Were there a great many?—There were a great many at that time.

What do you mean by a great many?—I dare say there might have been 20 that were preserved, and perhaps as many that were destroyed.

Did Mr. Smith employ you at that time to examine them, to see whether they were fit for use?—He requested me to do so, not to ascertain whether they were fit for use; Mr. Smith decided whether they were likely to be required again; some of them were for old services.

Can you state the date of this destruction?—I cannot state it precisely, it must have been three or four years back.

Was it so long ago as 1834?—I think not; I was appointed to this office in 1833; I think it must have been considerably more than a year afterwards.

You never called in any other person to assist you but Mr. Gibson, you say?—No, I never did, and he was never employed upon those plates but in my presence.

You never left him in the room?—I have been called down, but then I left with him only the plate he was then working on, and he had no means of taking an impression from the plate as there was no printing-press in the room.

Did you take a receipt from the printer for the plates you delivered to him?—No.

You stated that there were about 20 destroyed and about 20 preserved at the time of that destruction?—I suppose there might have been about that number; I cannot speak with any correctness.

Can you say whether there were more than 15 preserved, and less than 25?—I should say less than 25; there might have been 25, but it is so long since I can hardly recollect.

Mr. *William Worley*, Examined.

Mr. *W. Worley.*

WHERE do you live?—At No. 8, Newton-street, New North-road, Hoxton.

You are employed as printer to this office?—Yes, appointed by the Comptroller-general, and approved of by the Treasury.

How long have you been so?—About 13 years.

Was your father so employed before you?—Yes, about 40 years; he has left a widow and daughter unprovided for, whom I support, besides my own family.

You have a room in which you do your work in this office?—Yes.

From whom do you receive your instructions?—I had my instructions from Mr. Smith; I sometimes had instructions from Mr. Chisholm; but I always looked to Mr. Smith for my final instructions.

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He has instructed you how many sheets you were to print?—Yes, always.

Who has delivered to you the paper?—Any of the clerks that happened to be in the office when I required paper.

Have they delivered it to you in reams?—According to the quantity required to be printed; sometimes less than a ream, sometimes more than a ream.

When the number of loose sheets to be had were not sufficient for your purpose, you received a whole ream?—Yes.

And returned the surplus sheets?—Yes.

To whom did you return them?—To any of the clerks who happened to be in the office.

There is a book delivered to you?—Yes, there is a book kept, the paper-book, that the paper is put down in when I receive it to see if it is correct, and I sign it when I receive the paper.

The initials W. W. are your's?—Yes.

There appear to be a considerable number of erasures in that book?—I had nothing to do but to put my initials.

Who writes in the figures?—The clerk who happens to deliver the paper; I am not acquainted with the hand-writing.

You never noticed those erasures?—No, I never had any thing to do with the book.

When you next came to put your initials, you might have seen that the figures were altered?—I never noticed that; when I had completed my job, and my printing-book was examined and signed, I considered that an acquittance to me for having returned all my paper, and completed my order.

This shown to you is the book you keep?—Yes, that is the printing-book; when the work was done, and the damaged Bills were destroyed, that was an acquittance to me of having completed my work.

Have you to deliver back the paper not printed off?—Yes, there are entries in that book, of paper returned and counted by the clerk, and signed by him as correct.

In February last here is an erasure as to the quantity delivered to you, 161 sheets being put down, then printed 61, remaining 110, that refers to yourself?—I have nothing to do with the paper-book, but sign my initials to the quantity of paper I receive.

In five days afterwards you signed the book?—That was another quantity I had probably.

There is an entry from the printer, "161 sheets, 61 printed, remaining 110," that is written on an erasure?—I know nothing of that; the 61 is an error, it should have been 51, as in the printing book, which is correct.

Your initials appear to have been inserted and scratched out, and the quantities altered, and you did not sign it again, but the following week you signed for another quantity?—It is right in my book; I know my printing-book may be depended on as correct; where the erasure was in the paper-book I had no business to sign, being paper returned.

It appears right in your book?—It is; when I was set to work again, I had that odd paper again; that would appear from the next entry.

Was that again re-entered in your book in that case?—Yes, certainly; I seem to have had 163 sheets; I see this signature and two over the 161 in the book is in Mr. Blake's hand-writing; I put down 161 sheets to keep a correct account of paper, which, with those two printed sheets, makes 163; Mr. Blake did not like that way of entering it, and he put down the two sheets as printed.

Were they printed?—There were two sheets printed; it was Mr. Blake's wish that he would put in two sheets printed, instead of the 161 returned; but it tallies quite right; in the next entry there is the 161 entered, the two having been printed on, which accounts for the former 163.

After what rate are you paid for the work you do?—So much per book.

A book consisting of 168 sheets?—Yes.

Do you stitch as well as print?—No, Mr. Peak stitches them; I count them, and get them all ready for stitching, and he stitches and delivers them.

Are you paid by the quantity done?—Yes, I have no salary.

How much are you paid?—A guinea and a half a book.

To whom do you send your bill?—To Mr. Smith, he always received the bill; and from Mr. Smith it was sent to Mr. Bulley and the Treasury.

Did

Did you receive the money from Mr. Bulley?—Yes, after the bills are returned from the Treasury.

How many were contained in each book?—One hundred and sixty-eight sheets, making 504 Bills.

Have you got the instructions you received when you were appointed?—Yes, which instructions I strictly observe.

When were they given you?—There is the date, in 1836.

[*The Witness produced the same.*]

Did you receive your instructions from the senior clerk in writing as to the number of sheets to be printed?—Mostly, but sometimes verbally.

Were they always from Mr. Smith?—Sometimes I received them from Mr. Chisholm, but I looked up to Mr. Smith for my final instructions.

Were any sheets damaged in the printing?—Those damaged sheets I always put away in a box, and they were examined and destroyed in my presence, after my book was examined and signed.

From whom did you receive the plates for the process?—Sometimes from the engraver, if he was doing any thing to them, otherwise I received them from any of the clerks that might be in the office.

In the event of your finding a plate very much worked and unfit for printing, to whom did you report that?—To Mr. Smith.

How long will a plate on the average last; a Supply plate for 1,000 *l.*?—It generally lasts through the order we have to make up, 20 books probably.

Did you generally call for a new plate after that number was worked off?—No, the plate would be repaired again, and last year after year.

It merely required recutting?—Yes.

How many plates used you to use generally in a twelvemonth for the two exchanges?—Four plates for each time.

Four separate plates for each time?—Yes.

They were for different sums?—Yes, 100 *l.*, 200 *l.*, 500 *l.* and 1,000 *l.*

You would have an opportunity of observing when new plates were provided?—Certainly.

Had you frequently new plates?—No, not frequently.

When was the last new plate you had?—I think we had a new plate last June but I cannot challenge my recollection exactly; for the June issue I mean.

Can you state when you had the last new plate before that?—No, I know we have had a new 1,000 *l.* plate lately.

The observation of the necessity for it would originate with you, would it not?—No, it would originate with the engraver.

The necessity for a new plate would appear after you had done your work, would it not?—Yes it would appear whether it would be fit to work again.

Then would you not be the person to perceive that?—That would depend on circumstances; we may want a new plate, but the plate may not have been worn out by work, but by alterations, when it becomes so thin that it will not bear alterations.

You say there was a new plate in June; at what period preceding that were the last new plates made?—I cannot charge my recollection.

Do the different coloured inks wear the plates unequally?—Some colours wear the plates more than others.

Which wears the most?—The brown, those for the 100 *l.*

The 100 *l.* plate is used less than the 1,000 *l.* plate, is it not?—Yes, about one-third less.

In the course of the last ten years, how many plates would be necessarily used for the Supply Bills?—I cannot say; the quantities vary so much, and the alterations vary so much, we cannot make any regular calculation how long they will last.

Did you ever suggest to Mr. Smith that a plate was useless, and ought to be destroyed?—I have when I have found a plate get too bad to print from.

Do you recollect an instance of that?—Yes; I think in 1840 there was a 200 *l.* plate which became cracked, and I was obliged to print only two Bills on a sheet, in consequence of that, instead of three.

Was the new plate for 1,000 *l.* produced in consequence of your recommendation to Mr. Smith?—I cannot say; the engraver looks to the plates to see whether they are fit to alter again, or can be repaired.

Mr. *W. Worley.*

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Do you return the plates to the engraver after you have done with them?—No, I seal them up, and return them sealed to the office.

To the senior clerk?—Yes.

If, after your printing, the plate became unfit for use, how would he know it was unfit?—He always comes to see the process of printing, and sees the state of the plates, and how they work.

You say a plate became cracked, so that you could work only two, instead of three, on the sheet; how could you manage that?—We managed that by cutting off the top Bills, and destroying them after they were printed; they were destroyed as damaged Bills.

Was that done in your office, or did you return them to the senior clerk?—I returned them; they were examined one by one, and destroyed before my face.

They are passed in your account as so much paper printed on, and then destroyed as unfit for use?—Yes, that will appear in my book.

You have put in some instructions that were given you in 1836?—Yes, my father's instructions were precisely the same as mine.

Were there any previous to the year 1832?—I am not aware that there were.

Were there no instructions signed by Mr. Bedford which you saw?—I never saw any.

You never had any instructions from Mr. Bedford?—No.

Were you in the office in Mr. Bedford's time?—Only as assisting my father; he was employed till the year 1836.

Do you ever employ an assistant yourself?—My son, no one else.

Is there any superintendent in the printing-office during the time you are printing?—Yes, Mr. Peak is the superintendent.

Is he always present during the time you are printing?—No, not always present.

What superintendence does he exercise?—He sees to the drying of the Bills, and the stitching of them, and delivering them to the Issuing Bill Office; I keep a daily memorandum of what he receives from me.

He does not remain in the printing-office the whole time?—No, he is otherwise engaged in the office.

As to the plates, you say you cannot tell how long they last; can you tell whether they last one, two or three years?—Oh, yes; some of the plates are older than that; it is according to the wear they have had.

Do you know any instance of any plate being used up in a less time than two years?—I cannot challenge my recollection, but I should think not.

Do you know how many plates there are in use now?—There are so many different sums, I should think there are as many as 20 plates used occasionally.

How many plates are there for the Supply Bills?—Always four.

There is not more than one of the same sort?—No.

What are the four?—For four different sums, 100*l.*, 200*l.*, 500*l.* and 1,000*l.*; each sum is of a different colour.

Are there not different plates for the June and the March issue?—Yes, but there has been an occasion when the March plate has been altered for June, sometimes when there has not been time to engrave a new plate.

When did that last happen?—I cannot say.

Did it happen some time in the course of the last year?—I cannot state that; when the plate came altered to me, I could not tell whether it was an original or an altered plate.

Do you recollect when you had the last Supply plate for 100*l.*?—I think there was a new plate last year either for the March or the June issue.

Do you know whether there was a new plate for the issue of 1840?—No, I do not.

Cannot you distinguish between a new plate and a plate in which the date is hammered?—Yes, but I cannot charge my recollection when that has occurred.

What are the colours of the four Bills?—The 1,000*l* are printed in black, the 500*l.* are printed in blue, the 200*l.* are printed in green, and the 100*l.* are printed in brown.

Has there been any variation in the shape of the Bills since you have been connected with the office?—No.

Or the quality of the paper?—No.

How do you describe it?—It is a water-marked paper.

There[illegible]

There is nothing peculiar in the composition of the paper?—No, there is not; there is a small scroll dividing each Bill running along in the water-mark.

There are no words in the scroll?—No.

You are in the habit of seeing a great deal of paper for engraving?—A great quantity.

Do you see much of that quality?—No.

Is that superior to much you see?—I should say there is not much paper of that kind superior to that.

Do you recollect an order given you about the 18th of February 1841 to print 18 books?—I am not in possession of that order; Mr. Maule is in possession of it.

Do you remember the fact?—Yes.

Who gave you that order?—Mr. Smith, to the best of my recollection, or it might have been Mr. Chisholm; but I always looked for my final orders to Mr. Smith.

What were your final orders in that case?—Sometimes Mr. Chisholm would give me a temporary order to go on without any stoppage till Mr. Smith gave the final order.

Did Mr. Smith vary the order in that case?—I rather think not, but I will not be positive.

The original order was for 18 books, was it not?—Yes.

Will you turn to your book, and see how many you delivered?—Eighteen books. I received my orders in February.

Did you receive another order in the course of the month of May?—Yes.

For what number was that?—I must refer to my book; that was for the 11,000,000 *l.*

That would be for the June exchange?—Yes; 15 books, 130 sheets.

Was there any variation in that order?—I think there was a verbal alteration.

By whom?—By Mr. Smith.

What was the original order?—Mr. Maule is in possession of that likewise; there is an alteration in that in the writing made by myself after having received the order originally; it must have been a verbal alteration, which, for my own recollection in completing the order, I wrote on the original order.

The entry in your book represents the order as executed?—Yes.

The order was increased from some smaller order to 130?—Yes; I think the original order was 15 books, 100 sheets.

Do you recollect who gave you the original order?—I think it must have been Mr. Smith, but I cannot charge my recollection; but it must have been through Mr. Smith I had the verbal orders.

You do not recollect whether Mr. Smith or Mr. Chisholm gave you the original order?—No.

You are quite certain the alteration was made by Mr. Smith?—Yes.

What quantity did you deliver?—Fifteen books, 130 sheets.

Were you examined some time ago by Mr. Maule?—Yes.

At that time had you access to those orders?—Yes.

Did you make a statement then to Mr. Maule?—I did.

That statement correctly represented the fact?—Perfectly.

Is this the statement that you made, "That on or about the 18th of February 1841, witness received an order, which he will produce, to print 18 books for Bills of 1,000 *l.* for the March issue, and executed the order accordingly, and delivered the books in the usual course through Mr. Peak?"—That is the 10,000,000 *l.*, 18 books.

That order, as you now state, you received, to the best of your recollection, from Mr. Chisholm?—I think I did.

In that order no alteration was made?—No, but confirmed by Mr. Smith; for I always referred to Mr. Smith again when I received an order, to know whether it was the complete order.

Did you make this further statement, "That on or about the 20th of May 1841, he received an order, which he will produce, for the printing of 15 books, and 100 sheets for Bills of 1,000*l.* for the June issue; that Smith afterwards varied this order by a verbal direction to witness to print 130 sheets, instead of 100, which alteration witness put down upon the order in pencil; that witness executed the order, and delivered the 15 books and 130 sheets in due course"?—That is correct.

Mr. *W. Worley.*

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Those orders you have not an opportunity of referring to now, having placed them in Mr. Maule's custody?—Yes, I have not had them again.

But, referring to the book before you now, you find that the order ultimately executed was for the 18 books of 1,000*l.* Bills, and the other 15 books and 130 sheets?—Yes.

Is it better to print on paper of a certain age than when it is quite new?—It is; it is better for keeping.

What is the effect of keeping?—The age makes the paper firmer.

The impression is more durable?—Yes; I should imagine the paper gains strength by keeping a year or two.

The Exchequer Bills do not undergo much wear and tear?—It is good strong paper; I do not know what they undergo after they go out of my hands.

Mr. *Thomas Peak*, Examined.

Mr. *Thomas Peak.*

WHAT are you?—Office-keeper and superintendent of the printing of Exchequer Bills, and sealing them.

Are those before you your instructions?—Yes.

[*The same were read, as follow:*]

The duties of Thomas Peak, as superintendent of the printing Exchequer Bills:—he superintends the work of the printer, and ploughs the paper for Exchequer Bills, hangs them to dry when printed, and performs all the duties heretofore performed by the binder; checks the number of sheets printed, stitches them in books, again ploughs the sides and bottoms of them, and puts them into the press, where they remain in his custody, under lock and key, until called for in the issuing department.

At the close of each day he takes into his own custody the copper-plates, which he receives sealed up from the printer.

He exerts the same care and vigilance as to the security of the printer's, engraver's and bookbinder's rooms, as over those of the other departments belonging to the Auditor.

He seals Exchequer Bills as heretofore, under the direction of the senior clerk.

He is particularly desired to see that the printer does not permit any person to go into the printing-room during the process of printing the Exchequer Bills.

G. C. Bedford.

That was under the old system?—Yes.

Did you have no instructions under the present system?—No, there is no alteration in my duties.

How long have you held the office?—Eighteen years.

Have not you another copy with the word "Comptroller" inserted, instead of "Auditor"?—No, I have no other copy.

Do you attend in the printing-room when the printing is going on?—Yes.

All the time the printer is at work?—I am not there from morning till night, but eight or nine times a day; I am there every half hour, the first thing in the day, and I am there to hang the Bills up as they are taken from the press.

You have the key of the room at night?—Yes, and no one else.

You are answerable for the Bills being safe in the morning which are locked up at night?—Yes.

Do you count the number of Bills printed?—I count them when I stitch them into the book, which are 167 sheets.

How soon do you stitch them in?—Just as they are wanted; if they are dry, and wanted in the Bill Office, I stitch them as I am ordered to do; but my usual plan is, to let them remain in the press in the printing-room; they are flatter if they remain in the press for a day or two, but every morning when they are ready to stitch, I stitch them and put them into the press; the printer counts them, and I count them.

You stitch them yourself?—I do.

How many do you put into a book?—One hundred and sixty-seven sheets.

Is that the precise number?—Yes, three issue Bills in each sheet would be 501 if the whole were printed and stitched into a book.

Do not you add another sheet?—Yes, that makes 168 sheets; that is four extra Bills in case of any accident.

That is the plan you act on?—Yes.

When there is an odd number, do you stitch them together?—Yes, those I call book and put it down as such in my account.

Do

Mr. *Thomas Peak.*

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Do you make this account at the time in the room?—No, I make a rough account in the room, and at the end of the printing I make up my book in this form [*producing it.*]

How do you know the amount of paper delivered out to the printer by the senior clerk?—I know that from his directions how many he has to print, for his directions hang up in the printing-room; when he receives the order he receives the paper, and I have to plough the top side of the paper before he prints it, without which it could not take an even line with the copper-plate; the directions are hung up in the room.

That gives you the number of sheets you have to account for?—Yes; when the Bills are prepared with my stitching, I consider that I am accountable for them afterwards; I have a press in which I lock them up in the printing-room.

Do you consider that you are bound to return the same number of sheets given out to the printer?—I never had that instruction particularly, but I am obliged to render an account of the number of Bills that are printed, and that I stitch together.

You plough the top of the sheet before the printers use it?—Yes.

Have you a machine for that purpose?—I have what they call a bookbinder's plough.

That is supplied to you for the purpose?—Yes.

That makes quite a straight line?—Yes, it takes off the rough edge, and makes the paper smooth, and also even at the top edge.

Why do not you plough the other two sides at the same time?—I do not think that it would be so convenient for the printer to remove from off the copper-plate.

Do they print by a rolling-press?—Yes.

Who takes the paper to the printer?—He receives it from one of the clerks in the Issuing Office.

You return the books?—Yes, he receives instructions to print so many books of such descriptions of Bills, and then I am ready to stitch them.

Who counts them from you?—No one counts them from me; they are taken up as a book; Mr. Blake or Mr. Chisholm receives them as a book.

Does no one count them to see that there is the right number in each book?—Not in my presence; but in numbering they must necessarily see whether there are the right number.

Do they give you a receipt for them?—No.

You do not know, in fact, how many sheets are delivered to the printer?—No, I do not.

Does any body assist the printer?—Sometimes his son assists him, no one else.

Did you ever know of any engraving work being done for this office by Mr. Standidge, of Cornhill?—Yes, I superintended that; I took the plates and the paper, and brought the plates back.

Under whose directions did you take them?—I think both Mr. Smith and Mr. Bulley gave me directions; Mr. Smith gave me written directions, but I think Mr. Bulley was present.

What was the character of the Bills?—To the best of my recollection they were Consolidated Fund Bills.

Do you remember the date of that transaction?—No, it took place about three or four years ago.

Do you know the number of Bills struck off?—I think about 20 of each description.

From the copper-plates in the office?—Yes, the copper-plates were taken there, and one impression was transferred upon stones taken from each plate, and from which the Bills were printed; I then waited and saw the transfer destroyed from off the stones.

Do you recollect what description of Exchequer Bills they were?—They were Consolidated Fund Bills, according to my recollection.

Is that the only instance you recollect of having employed Mr. Standidge?—The only instance.

Do you recollect at what time of the year it was?—I think it was about this time of year.

Were they preparing here for any issue at that time?—I cannot recollect, but I should think not.

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Did you carry written instructions up to Mr. Standidge?—Yes.

Have you got those?—No, I delivered them to Mr. Smith, with the Bills and plates, next morning.

Did you read those instructions?—Yes, it was merely the number of Bills of each description that were to be struck off, and that I was to be particular in counting the paper, which I did, to the person.

They were printed on Exchequer paper?—Yes; the instructions were simply the number of Bills, and to be particular in counting the paper.

Did you leave the copper-plates?—No, I was by the press at the time they were used, they were never out of my sight, and I brought them back.

How long were they about them?—I think I went there about eleven o'clock, and that it was six or seven o'clock when I came away.

Were there many Bills printed?—I think I had, to the best of my recollection, 80 sheets in all, being 20 of each description; but I have no memorandum of that.

That is the only instance you recollect?—Yes, the only instance I recollect having anything to do with anything of the kind.

You say you go into the room of the printer seven or eight times a day?—Yes, oftener.

Are you in such a situation that you can see whether other persons go into the room or not?—Yes, it is impossible for any person to go in without my knowing it; and if I saw any one, I should report it. The engraver occasionally has gone in, but his business leads him there.

Did the Bills always remain, after you have counted them over and stitched them together, in your custody, and under your lock and key, without any other person having access to them, up to the time you delivered them to Mr. Smith?—Yes.

It is impossible any body else can have access to them?—It is impossible; I put them into a press after I have stitched them together, and put the chain through, which is secured by a lock.

What care do you take of the plates?—During the process of printing I put them into the drawer after they are sealed up by the printer; he has a seal for the purpose, which he keeps in his possession.

Where are they locked up?—They are locked up in the printing-room, of which I keep the key.

This account purports to bear date from the 5th of January to the 5th of April 1840; did you keep similar accounts to those prior to that time?—Yes.

When did you commence keeping an account of this kind?—Ever since I have had to do with the business; when the accounts were done with I destroyed them, not having any use for them.

Is this the only one you have?—Yes.

How long is it since you destroyed the book for 1839?—I cannot tell; it may be three or four months, or it may be a twelvemonth.

Cannot you recollect more precisely?—No, having some old account-books, thinking they were useless, I burnt them.

Did you burn them all together, or burn a few when you had done with them?—I burnt them when they were full, perhaps a twelvemonth afterwards.

When you destroyed the last book, did you destroy any other with that last book?—I destroyed it with my other private papers that were of no consequence; I had no motive for destroying them but thinking them useless.

The question refers to the books?—Not being official, I tore them up, as I did the rough accounts when I thought they were no longer of use.

Did you destroy them at the same time as you did the rough accounts?—Yes; if I had received orders to have kept an official account, I should have done so.

Do you know how far either of the preceding accounts goes back?—No.

You cannot tell whether you destroyed them three months ago, or twelvemonths ago?—June 1841.

You cannot give any further account of why you destroyed them?—Perhaps I may be allowed to mention that the particulars of them are all contained in my quarterly accounts delivered to the senior clerk in the Issuing Office.

When do you seal the Exchequer Bills?—I seal them when I am ordered to do so; there is no specific time; I am sent for perhaps at 10 or 11 o'clock in the day, sometimes at one; but I always seal them in the presence of one of the clerks.

Where

Where is the press?—It is in one of the rooms in the Issuing Bill department; there are two rooms, and it is in the further room.

Is it a moveable press?—No, it is a fixture.

The seal is loose?—Yes, it is taken out.

Who has the custody of the seal?—It used to be in Mr. Smith's custody.

He or one of his under clerks delivered it to you?—Yes.

And you used the press in the presence of Mr. Smith, or one of the other clerks?—Yes.

Where was the seal kept?—In the iron chest where the Bills are kept.

You know that?—Yes.

Was it uniformly kept there?—Yes, always, since I have had anything to do with it.

The press makes some noise when it is used probably?—It does.

Did you ever know it used by any one but yourself?—It has been used occasionally when they have wanted one or two Bills, and I have been engaged in something else; they have not called me for the purpose.

You are not aware of its having been used by any other person than yourself, for any considerable number of Bills?—I am not.

The office closes at four o'clock?—Yes.

Have you ever been called on to do that work out of the office hours?—I have sealed Bills as late as five o'clock; but that has been on a particular occasion, when, I believe, Lord Monteagle wanted to sign what he called an extra book or two; he might have three books, or five; and I have been requested to seal them late in the afternoon for his Lordship's convenience early in the morning, but not often.

Who has been present on those occasions?—Mr. Blake or Mr. Chisholm.

There always has been some clerk present?—Yes.

Not Mr. Smith?—Sometimes all three were present.

Sometimes Smith alone?—Yes, sometimes Mr. Smith alone.

Are you the housekeeper?—Yes.

You reside in the house, do you?—Yes.

The press makes a considerable noise in working?—Not such a very great noise.

Whereabouts in the house do you live?—I live very near it; very near the apartment where it is.

Can you hear it in your room?—Yes, very plainly.

Could anybody use it without your hearing it?—I do not think they could with the proper force; they might endeavour to make an impression without the spring to it.

That would be an imperfect impression?—Very faint.

Very unlike the usual impression?—Yes.

Do you have the key of that room in which the sealing-press is, in your own custody?—The seal is taken out and put into the iron chest, so that there is nothing but the handle of the press remaining; the other part of the press is not locked up, it being a fixture.

That room is not locked?—It is locked after the office hours; it is opened for the servants to clean it.

Is it in the room in which Mr. Smith sat, or the other?—The other; the larger.

There are two locks to that iron chest?—Yes, there are; there is a large lock and a stop-lock.

Do you mean a thing moved by the hand?—No, a small lock introduced to prevent the large lock from being opened.

There is only one lock to that chest, in fact?—No.

Each of the clerks has a key of it, has he not?—I think there are two keys, but I do not know whether there are three.

Where are those keys kept?—They are kept in an oak-press, in Mr. Smith's room.

Is that press locked?—Yes.

Are the keys left in it?—No; the clerks have charge of the keys.

All the three clerks?—I think all three of them have keys.

Is it during the daytime the keys are in that press?—They are taken out in the morning when necessary, to open the iron-safe; but when there is no call for Bills I have not seen it open.

Mr. *Thomas Peak.*

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Were you away from the office during any part of the last year?—I was not away from the office; I was away from my duty about three weeks or a month, from illness.

At what time was that?—About the month of June, when they were busy preparing the Bills.

Did you still live in that part of the house you reside in?—Yes.

Near the sealing-press?—Yes; but I was up-stairs in my bedroom; I could not hear the press then.

Who executed your duty?—Mr. Smith sealed Bills himself.

Who executed the duties of the office generally?—The printer stitched the books, and took them into the Issuing Bill Office, and one or other of the messengers did the rest of my duties.

Who are the messengers?—There are Mr. Humphreys, Mr. Gower, Vincent, and Webb; they took it in turn.

Who had charge of the offices out of office-hours?—When the gentlemen go, I have charge of the offices; my wife took charge of the rooms, during the time I was ill, when the gentlemen were gone.

None of the messengers remained in the house after office-hours?—There is one lives at the other end of the house.

Is that near the sealing-press?—No, quite at the other end; the sealing-press is at the west end of the house, and the other messenger lives at the east.

During the time your wife had actual charge of the premises, where did she sleep?—She slept up-stairs in my room in another bed.

Could anybody get in or out of the office after office-hours without you or your wife knowing of it?—No; there is a door in the passage we bolt when the gentlemen are gone; sometimes the rooms are obliged to be left open to be cleaned by the servants; after that is done, the rooms are secured.

Could any person remain in the house, and afterwards go out, out of office hours, without your own or your wife's knowledge?—I should think not; there is a regular porter night and day; there are four of them.

Did they, or your wife, or any of the messengers ever report to you, or were you yourself aware, from your own observation, that any person remained in the office after office-hours during any part of the last year?—I have known gentlemen stop here after office-hours, perhaps to make up their books; they have been here after four o'clock.

How long after four o'clock?—I cannot tell exactly.

Have they remained till seven or eight in the evening?—It is very possible they might in the summer-time.

Have you known the senior, or the assistant, or the junior clerk in the Exchequer Bill Office remain late in the evening?—I have known them remain later than four o'clock, but not much later than that.

Of those three, which have you known particularly to remain?—I have known Mr. Smith remain after office-hours.

Have you ever known Mr. Chisholm remain after office-hours?—I have.

Mr. Blake?—Yes, I have, after four o'clock.

Which have been in the habit of remaining mostly?—In a general way they go away at that time; I have never noticed which was most frequently remaining; it is very seldom indeed they have remained later.

Have you known Mr. Smith remain till a late hour?—I have known him say he was going to dine in town and should not go home, but remain till five o'clock.

Never later than that?—I do not recollect later than that; I remember that having happened, perhaps three or four times in the year.

Has that happened more lately than formerly?—No, I do not think it has.

Where did he live?—He lived at New Cross, near Deptford.

How long did he live there?—I think three or four years.

Where did he live before that?—He lived at Bromley, in Kent.

Did you ever, after office-hours, and when no person had any right to have access to the press, hear that sealing-press going?—I never did.

Have you reason to suppose that any other person ever heard that sealing-press going out of office-hours?—No, I have not.

No report was made to you by any person in this house that the sealing-press was in operation after office-hours?—I never recollect any one saying so to me.

Are you quite positive that no report was ever made to you by any person that

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that the sealing-press was going after office hours?—I never recollect any one telling me they heard the sealing-press.

Have you reason, from observation or in any other way, to believe that the sealing-press was used after office-hours?—I have reason to believe it from report that Mr. Smith has used it, but have no other reason; I have heard, I am sure I cannot tell from whom, that he did use it.

When did you first hear that?—I heard it at the time he resigned himself into custody.

You never heard it before that time?—No; it has been spoken of since that.

Did you ever observe anything in the state of the press itself, or in the state of the room, that led you to believe, or excited the least suspicion in your mind, that the press had ever been used out of office-hours?—No; I never supposed that it was.

You say it made a great noise, that you were living in the house, and that you were living so near it that you must have heard it if it had been used; how do you account for Bills having been sealed which were not sealed in the ordinary course?—I cannot account for it; Mr. Smith might have had opportunities of using that press, during the middle part of the day; now and then they would seal a Bill or two when there were not many required.

Were not the other two clerks in the same office?—Yes, I suppose so; I am not in the room to know whether they are in their offices, but I imagine they are.

Must they not have heard it?—The press is in their room.

Are there no other clerks within hearing of the press, or any messenger or porter within hearing of the press?—No; I do not know whether the porter might hear it or not.

Is this book in your handwriting?—Yes.

The whole of it?—Yes.

When was it made up?—It was written up every quarter as the business occurred.

What do you do with the Bills when you have sealed them?—They are given back into the custody of one of the clerks, who is present and receives them.

Have you any previous knowledge of the number of Bills to be sealed?—No.

Have you any account of the number of times the seal has to be applied by you?—I receive so many Bills to seal, and I seal them; I never take any account of the number of Bills that are sealed.

Therefore the proper number might be 500, but you might seal 1,000?—Yes, I do not know the number.

Do not you examine the numbers on the Bills?—Yes; I examine the numbers on the Bills, I know they run to some thousands.

You see that they all follow?—I examine them as well as my eye will carry me; but when I seal two or three thousand Bills, my sight of course gets faulty, and I might escape examining the numbers; but I always endeavour to examine them as I seal them.

You would not seal a Bill that was not numbered?—No.

Would you seal a double Bill if you observed it, two Bills bearing the same number?—No; if I observed that, I should not do it certainly.

Has any Bill got out accidentally without being sealed?—I think there has once.

Only once?—I think only once.

How long ago was that?—I think that was in the old office; I think it only went up into the Tellers' Office, and the omission was there discovered.

You have no orders sent down to you, specifying how many times you are to apply the seal to Bills?—No.

Whatever Bills were put before you, you sealed?—Yes.

Is the stamp sufficiently powerful to seal two Bills together at the same time?—The lower Bill would receive an impression which would be a very faint one.

Have you tried that?—It was done once so by accident; but I discovered it and resealed it: I showed it to Mr. Smith.

Was your wife inhabiting the same room in which you could hear whether the press is at work, while you were ill up-stairs?—Yes, she was there as usual.

What is your process of sealing?—It is very similar to the press for dry stamps; they are all in separate sheets; after they are numbered they are cut from the counterfoils; then I take them like half a sheet of paper, in this way, and then hold it under the stamper, and work it in this way [*describing it*].

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You have a sheet with three Bills upon it?—Yes.

You have to apply the press three times to each sheet?—Yes.

Have you seen any of the spurious Bills?—Yes.

When did you see them?—I saw them during the examinations when parties brought them; I was in close attendance on the parties in taking in the Bills into the office, and bringing them back again into this room to Lord Monteagle, to sign the receipt.

Did you ever see any of the counterfoils of those Bills?—Not to my knowledge.

Have you ever had any reason to suspect that any of the counterfoils have been recently destroyed?—I have known Mr. Smith burn some apparently Exchequer Bills or counterfoils; in fact, I have seen them burning in his room.

When was that?—Several times.

When was the last time you have seen it?—I think the early part of last year.

Had you an opportunity of examining the seal placed upon the spurious Bills?—Yes.

Did the mark of the seal appear distinct?—No, very faint indeed.

Did it appear as it would have been without that last clip you refer to?—Yes; just such as that might have been; I might have seen 20 or 30.

Did the faintness of the mark apply to them all?—They all looked very faint.

So faint as to distinguish them without difficulty from the genuine Bills?—I do not know exactly how to answer that question; in those I sealed, the sea would appear very bold; in these Bills the impression was very faint.

You say some persons seemed to have suspicions about those Bills; when was that?—During the examination in November last.

[*A forged Bill was produced to the Witness.*]

Is that impression now shown to you more faint than you would have made it?—Considerably; every letter of mine can be read.

Ashburnham Bulley, Esq., Examined.

A. Bulley, Esq.

YOU are the chief clerk in the Comptroller-general's Office?—I am.

You have been in that or the corresponding situation in the Auditor's Office for a considerable number of years, have you not?—No; I was appointed to my present situation in the year 1834 as chief clerk; I held a situation in the Auditor's department in the late Exchequer.

Will you give the Commissioners any information bearing upon the points they have under their consideration?—In the former Exchequer I did not hold a situation sufficiently near to the chief clerk to be intimately acquainted with the arrangements of the office for the issuing of Exchequer Bills; whatever came to my knowledge was from my own observation, and not from any connexion with that office; I believe the system has been pursued from the time I have had a recollection of it down to the present time, in continuation under the responsibility of the senior clerk in that office. I have no recollection of any directions having been given by the chief clerk in the Auditor's department as to the machinery required for the preparation of Exchequer Bills; before the establishment of the present department, in the year 1834, that office was continued exactly in the same form that it was left in the ancient Exchequer, the same officers, and the same responsibility attaching to those officers; in the Treasury minute it was arranged that, at the termination of twelve months, the Comptroller-general should make a report to the Treasury, and in case he thought fit to recommend any alteration, he should state that. I am not aware that he did recommend any; I believe that he continued the office in the same way that he found it. Referring to the reports which have been made by the several committees as to the responsibility of the senior clerk in the custody of the paper, and the machinery attached to that office, it has continued so till the present time. Mr. Beaumont Smith, who had been appointed in the year 1829 as senior clerk in that office, had especially obtained the confidence both of Lord Grenville and Mr. Bedford, my immediate predecessor, as chief clerk, although Mr. Bedford's position as chief clerk differed materially from mine in this department, inasmuch as Mr. Bedford was the sole representative of Lord Grenville in that office, and was appointed by him with the approbation of the Treasury, under the Act of Parliament, to sign all the Exchequer Bills in his name; therefore he worked with that office; and as the responsibility of that office continued whilst

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Mr. Bedford himself was working with it, there was no reason or apparent reason to alter it upon its removal here; that I believe was the result of the report which went in from Sir John Newport in 1835. Mr. Smith was an exceedingly accurate man with regard to all the transactions of this office, as appeared before the office, that is, before his superior officers; he was scrupulously exact as to the instructions being correct under which he performed his daily duty; and no one could have imagined or supposed that the confidence placed in him would be mal-appropriated or misused; you have that I believe from those subordinate officers who worked under him; and I dare say you find that they received all their directions from Mr. Smith as to the paper-making and the printing, the stitching up the books after they were printed, and the stamping, and they acted immediately under Mr. Smith's directions as senior clerk; I became the medium of communication between the Comptroller-general and the senior clerk of the Bill Office, because all instruments authorizing the preparation of Bills, or the issue of those Bills when prepared, came to me in the first instance, just as all other instruments do; it is my duty to distribute the business arising therefrom among the departments where I know the respective duties are to be performed; Mr. Smith, in consequence, waited upon me every morning to know whether there were any directions.

Mr. Smith waited upon you every morning?—I do not know that he came every morning exactly, but generally he came to me, and I considered him most exact and punctual as to all the transactions of his office.

What part do you take in the preparation of the paper for the Exchequer Bills?—As chief clerk I took no part whatever in it; it was Mr. Smith's duty, as senior clerk of that department. I neither knew the quantity of paper nor the directions when they were given for that paper, further than that the messenger appointed as the supervisor of the manufacture of that paper is the messenger appointed to my particular seat, therefore Mr. Smith came to consult my convenience as to the period at which my messenger could be best spared to go down to superintend the manufacture; there is no order given for the paper by me; the paper-maker's bills are brought to me; the printer's bills, the engraver's bills, and the bills for work done by Mr. Peak in the office, always underwent Mr. Smith's examination before they came to me to be forwarded to the Treasury, inasmuch as I, not knowing the directions he had given, would not take upon myself to forward those bills till he had certified to me that he concurred in their fairness.

He certified, and you took his certificate as proof of the correctness of each bill?—Yes, I myself took care of their correctness as to the amount in the casting of them; of the items I was myself no judge.

As to the items you depended entirely upon Beaumont Smith?—Yes, and in that I believe I pursued the course which had been pursued previously; I have not been able to find any record which should prove to me that Mr. Bedford ever gave any directions as regarded the paper and the quantity of printing, or indeed any part of the machinery of that office; but I have found instances where Mr. Cracroft, who was Mr. Smith's predecessor, not his immediate predecessor, but filled that situation for many years, has given orders independently of the chief clerk, or any reference to the chief clerk.

You have never interfered in any respect in any of the subsequent processes of providing the Exchequer Bills?—Never.

Mr. Bedford states in one of his Reports, that the senior clerk gives orders for the manufacture of the paper, under the cognizance of the chief clerk?—I was not aware of that statement, and if by the phrase is meant that the chief clerk joined in the order, I can only say it is in perfect opposition to the practice; from any recollection I have, it was not the case; though I was not at that time in connexion with the Bill Office, my own knowledge of Mr. Bedford's department made me aware how his duties were carried on. I will quote a few words extracted from the Report made in 1808 by Mr. Cracroft, the then senior clerk of the Bill Office, to Lord Grenville: "he," that is, Mr. Cracroft, "gives orders to the paper-maker to make a quantity of paper for that purpose," that is, for Exchequer Bills; he does not say that he does that through the chief clerk, This is an extract from one of many papers which Lord Monteagle himself has collected, and I am justified in saying that those papers are at the command of the Commissioners. Here is another extract from a letter, dated in the year 1823, from the printer to Mr. Bedford, in which he states that "the paper was altered by order of Mr. Cracroft;" all that shows that Mr. Bedford took no part in the ordering

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of the paper; I am sure that Mr. Cracroft acted quite independently of the chief clerk in the mechanical part of his office.

Are you aware of the circumstance some three or four years ago of some Exchequer Bills being lithographed?—I think I have some recollection of that; they were Exchequer Bills of a particular description, I think; these had formerly been printed on letter-press, and that there was an application for their being lithographed; I think the messenger, Mr. Peak, must recollect going to the lithographer.

He states the circumstance, but he cannot explain the reason why it was done; he states that he went under your directions and Mr. Smith's?—That imports only that permission was asked for his leaving the office; I think Mr. Chisholm would be able to give information on that subject; I think they were Bills issued merely to the Bank, and not Bills that were negotiable.

It was not done by way of experiment?—No, but from some pressure for time on that particular occasion, if I recollect right; but the circumstance has almost escaped my memory. If my attention had been called to this, I would have made every possible inquiry, so as to have ascertained exactly. Peak was sent by me to the place to destroy the stone after they were taken off; but that was done under the directions of the senior clerk in the Issuing Office, except that I ordered the messenger to go for that purpose.

Does not it strike you that those words in the report of Mr. Bedford are calculated to convey to the public that there existed a greater check than really did exist in point of fact?—Mr. Bedford might have said that the directions were given under the cognizance of the chief clerk, because the senior clerk might mention that he was going to give directions for the paper; but he could not mean that Mr. Smith took his orders as to the specific quantity, for that I should say never was the case, as in the present instance; when Mr. Gower is sent down it is under my cognizance that he goes there for the manufacture of paper, but it is not under my cognizance that the precise quantity of paper is ordered.

You only fix whether he shall go on the Tuesday or the Wednesday?—Just so.

In point of fact, you are always cognizant of Mr. Gower's going down to a place near Exeter for the purpose of supervising the manufacture?—I am cognizant of that, for he could not be sent without my permission; but I do not think that sort of cognizance in the slightest degree removes the charge and responsibility for the preparation of the paper from the senior clerk of the Bill Office to the chief clerk of the Exchequer; it must come under the cognizance of the chief clerk if any one messenger is required for that purpose; but if more than this was stated to be the practice in the year 1830, I am convinced it is a mistake. The business was never carried on in that way.

Was Gower in the same relation to Mr. Bedford as he is to you?—He was one of the messengers. He was generally sent down to the mill by Mr. Bedford, but the orders he carried to the paper-maker were always received from Mr. Smith.

In looking over this account of the paper, which is ordered by the senior clerk to be manufactured, you never took into your account at all whether the quantity ordered was the quantity that was necessary for the service of the year?—Never; I never received any report of the quantity of paper that was made, nor of the directions given for that quantity.

The bill passed through your hands to the Treasury?—Yes, I would not forward that bill until Mr. Smith had certified that the quantity of paper he had given directions for agreed with the quantity charged in that bill; when I saw his name to that bill, I put my own as a matter of course, and forwarded it, not taking upon myself the responsibility of forwarding those bills without Mr. Smith's previous sanction; but during all this time, we thought Mr. Smith most perfectly honest and beyond suspicion.

The reports of Lord Grenville, Lord Auckland and Sir John Newport all went to the same effect as to his character?—Yes; Mr. Eden will state, who was more in contact with him, for he became what Mr. Bedford had previously been in respect of the power to sign the Bills, and will assure you that he had the utmost confidence in Mr. Smith; Lord Grenville has recorded the same opinion of him.

The bills for printing passed in the same way?—Yes, every item in the bill for printing is stated as to the number of Bills printed, and the description of the bills printed.

The only thing you looked to in that bill, was to see that the charges for the work done were the proper charges, and that the total amount was correct?—Just so.

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You never inquired into the correctness of the items?—Certainly not; every bill was signed by Mr. Smith previous to my putting my signature, to send it to the Treasury, and for them to return it to me for payment.

The office of Paymaster of Exchequer Bills is altogether distinct?—That is distinct from us, and not under the Comptroller-general at all; they are under the control of the Treasury. We issue the Bills, and when we have issued them, and obtained the receipts for them, our duty ceases. The Bills return to the Paymasters' Office to be exchanged or paid off.

There is the duty of giving the counterfoils?—The counterfoils should follow the Bills when the Bills are issued.

It is not part of your duty to see that they do so?—No; that is the duty of the senior clerk of the Exchequer Bill Office.

Henry Williams Chisholm, Esq., further Examined.

H. W. Chisholm, Esq.

THE Commissioners understand you can explain a circumstance about some Exchequer Bills being lithographed?—They were some Bills charged on the Consolidated Fund, made specially payable to the Bank of England; the former practice was to have them printed in letter-press; the paper was sent to the Stationery-office printer, and the Bills were printed in letter-press, and returned to the Issuing Office, but it was thought the more secure way to have them lithographed in the office.

When was that?—In February 1838; it was thought more secure to have them lithographed in the office than to have them printed at a common printing-office; since then they have been engraved as the other Bills are.

That was only a plan adopted for that particular occasion?—Yes, in consequence of the Bills being wanted in a great hurry, there was not time enough to have them engraved; since that they have been engraved according to the ordinary process here.

They were taken out of the office to be lithographed?—Yes, but it was done under the superintendence of Peak.

Do you know how many there were; he says he thinks there were about 80?—I should think there were about that number.

That is the only occasion of that course being pursued?—The only occasion I believe.

Is that before you a list of the plates now in the office?—It is.

Have any plates been destroyed, that you are aware of?—Not that I am aware of, except that they have been cancelled by being scored; I believe that has always been the practice when a plate becomes useless.

What number of those are there?—There are only two.

Are those Supply plates?—Yes.

Have you any means of ascertaining the dates when those plates first came into use?—Yes; by referring to the engraver's bills I could tell the date of every one of them, by tracing all the alterations which have been made in those plates.

Do you recollect whether there was a new plate for 1,000 *l.* Supply Bill engraved in June 1840, and another in March 1841?—By the accounts I see that in the quarter ending 5th July 1840, there is a new 1,000 *l.* plate charged, that is for June 1840; and there is a new 1,000 *l.* Supply plate in the quarter ending the 5th April 1841, and a new 500 *l.* plate in the quarter ending 5th April 1841.

You require two for each amount?—Yes, but we have only one 200 *l.* plate. I should state, that in preparing the list I have not examined the plates themselves, but there is a label on the leather case in which each plate is kept sealed up, and from them I have no doubt of the correctness of the particulars of the list; in the quarter ending April 1841, the engraver made a new 500 *l.* plate, and I see he partially re-engraved the 200 *l.* plate.

What plates were actually in existence at the beginning of 1840?—We have no exact account of them; there must have been two other 1,000 *l.* plates, which the two new ones have replaced.

Had you a December exchange at that time?—No; but that would make no difference, for there were only two Acts in the year under which Exchequer Bills for Supply were made out; in the beginning of July 1840 there must have been, I should think, the same number of plates as there are now in use.

FRIDAY, 14*th January* 1842.

Ashburnham Bulley, Esq. further Examined.

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DID Lord Grenville after the Act of the 48th George the 3d passed ever sign himself any Exchequer Bills?—I believe there is an instance in which he did sign, occasioned by the illness of Mr. Bedford. I am not quite certain whether that took place after or before, but I rather think since the Act of the 48th George the 3d.

The general rule was to the contrary?—Yes; he did not sign; Mr. Bedford signed by procuration, approved of by the Treasury, under the Act of Parliament.

During Lord Grenville's time there was never more than one person signing at one time?—Never to my recollection.

Do you know Sir John Newport's practice in that respect?—Sir John Newport whilst in London gave his attendance here exceedingly regular; he used to come to the office usually at half-past eleven and stay till half-past three, and regularly performed the duties of his office; but with respect to the signing of Exchequer Bills, Mr. Eden took upon himself the larger portion, leaving Sir John Newport only to sign, as occasion might require, for the smaller description of Bills, viz. "Public Works," "Additional Churches," and, sometimes, "Consolidated Fund Bills;" but on the exchange of Bills, at the periods at which they are exchanged, Mr. Eden officiated and signed them in his name.

Did Sir John Newport sign at the same period?—I should think that very doubtful, unless it was during the time that Mr. Eden was signing the Bills for an exchange; if any accidental occasion occurred when the signing of the other Bills was required, Sir John Newport might do it, but I cannot recollect whether that occurred at the same time.

Do you know whether there were any Bills of the same issue in the market at the same time, one bearing Sir John Newport's signature and the other bearing Mr. Eden's?—I should think that was very doubtful; indeed I think, by reference to the book, it will be perceived that Sir John Newport performed very little of that duty; at the same time, he might have done some few, and that might have produced the very circumstance referred to; they both might be in the market together, but I should very much doubt it.

You do not recollect any observation on the subject at any time, or any complaint?—Never.

Do you know anything respecting the custody of the counterfoils?—The counterfoils are in the custody of the senior clerk in the Exchequer Bill Office until they are removed to the office of the Paymasters of Exchequer Bills, to enable them to compare them in case any counterfeit Bill, or any forgery, under the Act of the 48th George the 3d.

What becomes of them after they have been in the Paymasters' Office?—They are then returned into the Issuing Office.

Who has the custody of them?—The custody of them remains then with the Comptroller-general until he applies to the Treasury for their authority to destroy them.

In whose personal custody are they?—In the personal custody of the senior clerk of the Issuing Office.

Are they frequently destroyed?—Not very frequently, for there are a great many Bills outstanding, and no counterfoils should be destroyed till the Bills come in, are cancelled, and the Paymasters' accounts audited and allowed.

You have found a great many outstanding?—There are always a great many overdue Bills; no counterfoils should be destroyed of an overdue Bill; that is a Bill which has not been presented to the Paymasters at the time of its becoming due.

Is it not possible that in cutting out the Bills two sheets may be cut out at the same time, so that the counterfoil may afford no test?—It is possible, certainly; the process of cutting them out, as I have always understood, has been by placing a board under the sheet and then dividing it from the scroll by a knife; it is possible that two sheets might be together, (still each Bill would agree with its proper counterfoil,) but I believe that has always been provided against: the scroll runs between the counterfoil and the Bill, and in cutting out the Bill a flat thin board is placed between and the knife is run down the scroll.

Is not there great danger in leaving the custody of the counterfoils in the senior clerk's hands without any greater control than has been exercised; supposing him

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to have been guilty of any fraud, he might by cutting or mutilating the counterfoils absolutely render it impossible to effect a comparison?—If disposed to do wrong, the power was certainly in his hands.

Do you think it safe that the counterfoils should be left in his custody without a greater check?—I should think it would afford a greater security to the public if a check was placed upon the senior clerk in this respect.

Do not you think that ought to be guarded against by having them under two locks?—I think it would be advisable, but there are many of those points which probably the Commissioners will find in Lord Monteagle's examination; that he has proposed to provide against.

Does not it appear by the Act that the counterfoils should be sent immediately after the issue of the Bills to the Paymasters' Office?—I cannot say whether they have constantly been sent; the Act 48 Geo. 3, c. 1, s. 7, provides that the Paymasters of Exchequer Bills shall from time to time have the custody of the counterfoils, to prevent their being imposed upon by counterfeit or forged Bills, but whether that has been the constant practice or not I really do not know.

The Paymasters keep the counterfoils of the Bills by them as long as any particular issue is out?—The Paymasters have the custody of the counterfoils so long as there are any Bills outstanding.

Have the Commissioners of the Treasury at any time made any orders and regulations "for the safety, economy, and advantage of the public service, and directed any books, accounts, and vouchers to be kept and used in the said Office of Exchequer," and directed the forms thereof, since the passing of the 4 Will. 4?—They gave us, upon the commencement of the new system, certain forms and arranged certain books for the keeping of the general accounts, but nothing beyond that.

Nothing as connected with the issue of Exchequer Bills?—No, I think not; I think that business will be found to have been carried on from time immemorial in the same way as it is at the present time.

The Right Honourable the Lord *Monteagle*, Comptroller-General of the Exchequer; Examined.

Right Hon. Lord *Monteagle*.

THE Commissioners have gone through the evidence of the practical officers, your Lordship's subordinates; they will now be obliged to your Lordship if you will have the goodness to give them your view of the case?—As I have informed the Commissioners, by letter, I am prepared to go back to the earliest period; but as that might be considered matter of curious research rather than of practical application to the present inquiry, I shall limit myself as far as it is possible. If the Commissioners will have the goodness to refer to the Treasury Minute of the 19th September 1834, constituting the establishment of the Comptroller-general, that Minute, though in a qualified manner, and subject to re-consideration in 12 months, directs the management of the Exchequer Bill department to be carried on as heretofore; and therefore it becomes absolutely necessary to refer the Commissioners to the state and practice which existed at the passing of the Act of 1834, so as to enable the Commissioners to judge whether there has or has not been any departure from that practice, and also whether the practice is one which in itself requires amendment. On the passing of the Act of 1834, the Treasury Minute, which was then adopted, continued the system of the Exchequer Bill department experimentally. The Treasury not considering itself at that time sufficiently informed to make prospective regulations, directed the Comptroller-general, Sir John Newport, to carry on the business of the department as before; and to report at the termination of a twelvemonth on the practice of that department. The Commissioners will find, without carrying them very far back, that the business of the department as previously constituted, is set forth in the Report of Mr. Abbot's Finance Committee in 1797, and its Appendix. At that period the establishment consisted of Mr. Cracroft, the senior clerk, Mr. Hawkes, the second clerk, and Mr. Martin, the third clerk. The duties are stated to be as follow: "The first clerk numbers all Exchequer Bills whatever, with either one or two counterparts; he registers, indents, and separates the Bills to be issued; dates the Bills, and writes receipts for the Teller's signature, and arranges them for

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binding up annually with the warrants, letters, &c. relative to Exchequer Bills; he enters every order upon which a payment is made out in Exchequer Bills; he sends a certificate weekly to the Treasury of all Bills issued or cancelled, and keeps a copy in the office; he makes out a general half-yearly account of all issues out of Exchequer Bills; he gives directions for printing Exchequer Bills, and inspects the same; he minutely examines the numbering, registering, and signing all Exchequer Bills, and is likewise responsible for their safe custody. The duty of this office is very much increased lately, by constant attendance at the Treasury relative to the conduct of Exchequer Bill business. The two other clerks assist in all parts of the above duty." Such is the first document to which I would wish to call the attention of the Commissioners. In order to explain to the Commissioners the series of documents to which I am now about to allude, I must take the liberty of telling them that up to a recent period the correspondence, and even the official books of the old Exchequer, were in a state of entire confusion; it had long been extremely difficult, and it would now be still more so, even for any one having access to the records at the Rolls Office, to collect the evidence necessary to show the official practice. A great deal was formerly done by private letters. In the course of my inquiries for information on this subject, I obtained the important documents I am now about to refer to, the originals of many of which are in the handwriting of Lord Grenville. These letters comprise directions respecting Exchequer Bills and the Exchequer Bill department, and were procured from the executors of the late Mr. Grosvenor Bedford, for many years the confidential deputy of Lord Grenville in this office. Amongst other papers, the originals of which can be produced, there is a correspondence respecting the duties of the Exchequer Bill Office, in the year 1806, between Mr. Cracroft, who had been for many years at the head of that department, and Mr. Fisher, the predecessor of Mr. Bedford as deputy to Lord Grenville.

Did Mr. Cracroft hold the situation of senior clerk?—Yes. The correspondence in itself arises out of some dispute about the official apartments; but it states also the duties of the office of senior clerk. In Mr. Cracroft's letter to Mr. Fisher, the chief clerk, of the 18th of August 1806, he states, "I beg leave to observe, that I have for more than 30 years had the internal regulation and management of my office under the last four gentlemen who filled the high situation you at present hold, and also the sole charge and custody of all Exchequer Bills, which I will never give up, except under the express direction of Lord Grenville; and I have a firm reliance on his Lordship's justice to leave me in possession of all the long enjoyed rights of my office, to which I have in no one instance forfeited my just claim." Mr. Fisher replies on the 20th August: "Not having received any directions from either Lord Grenville or Mr. Wynn" (who was then acting on Lord Grenville's behalf, under the power of an Act of Parliament) "respecting an alteration in the internal regulations of the office for issuing Exchequer Bills, I have nothing to say in reply to that part of your letter." On the 30th of April 1807, (I think that is the date of the year) Mr. Cracroft says, "With respect to the conversation we had about the Exchequer Bills when signed, I beg leave to refer you to the Appendix to the 10th Report of the Committee of Accounts, about the year 1780 or 1781. In that Appendix you will find it expressly stated, that the chief clerk of the office for making out and issuing Exchequer Bills is charged with the safe custody of all Exchequer Bills, for which he is stated to be solely responsible. Having for more than 32 years executed that charge without any interference whatever, and without blame, I respectfully conceive that any change in that mode will cast on me an imputation of neglect, or of another nature, of which I am wholly undeserving." On the 9th of May 1807, Mr. Cracroft again writes to Mr. Fisher: "I beg leave to represent to you, that I was by the late Auditor put into possession of, and have always had the safe custody of Exchequer Bills in right of my office, and that none of your predecessors ever interfered with that right. That on Lord Grenville's succeeding to the auditorship, I made out, by his Lordship's order, an account of my employment, and gave it to Mr. Jennings, chief clerk, being a copy of a similar account given in to and approved by his predecessor, Mr. Wilford, in the year 1781, and that the words, 'for the safe custody of which Exchequer Bills the chief clerk in the office is responsible,' formed a part of such account, and was so inserted in the general account laid before Lord Grenville in the year 1794, with the concurrence of Mr. Jennings, and that till now the right enjoyed by my predecessors and by myself for 32 years was never questioned. From the above statement, I respectfully conceived the care of all Exchequer

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Exchequer Bills to be solely my duty, and that any change in that respect entirely alters the whole of my official employment, respecting which it becomes an indispensable duty for me to know Lord Grenville's decision, though I deprecate the thought of troubling his Lordship, whose time must be so much taken up with other important concerns." My object in referring to this correspondence, is to show what the practice has been, carried back as it is incidentally to 1781. I find also, in the year 1808, a Special Report made by Mr. Cracroft, senior clerk in the Exchequer Tellers' Office to Lord Grenville, stating the whole manner of proceeding with respect to Exchequer Bills; this, I presume, was the appeal to Lord Grenville, which seems to be contemplated in the former letter. In the year 1823, an occurrence took place in this office, which I allude to only because it led to some important changes in the management of the Exchequer Bill department. In the year 1823, by some accident, or by some crime, three Exchequer Bills, for 1,000*l.* each, were lost, or weremade away with; no one could ascertain whether those Bills were signed or not; as from the mode in which the business was then conducted there was no record of the signing kept. This transaction produced a great deal of confusion, and led to some important practical results. This accident, or this crime, occurred in September 1823. Mr. Bedford seems immediately to have communicated with Lord Grenville at Dropmore, who, as Auditor, exercised a most active and efficient superintendence over all important business in this office. Having received Lord Grenville's directions upon the subject, he addressed a letter to the Treasury, 26th September 1823, communicating the facts, and asking for a Treasury sanction and authority for the course that had been taken. That sanction and authority were given, but in giving it, Mr. George Harrison, who was then assistant secretary to the Treasury, naturally and most properly added in his letter of the 29th of September 1823 the following paragraph, addressed to Lord Grenville himself, as head of the office: "I have it in command to convey to you their Lordships' approbation and sanction of the steps which your Lordship has directed to be taken upon this occasion, and I am to request that you will be pleased to inquire, and ascertain whether, by any alteration in the mode at present pursued in your Lordship's office in the preparation and completion of Exchequer Bills for circulation, a more efficient security may not be provided against any similar occurrence in future." On the 14th of October, after the receipt of Mr. Harrison's letter, Lord Granville writes to Mr. Bedford: "In consequence of the directions which have been received from the Treasury, it will be proper that you should call upon Mr. Cracroft to consider the subject, and to report to me thereon, transmitting his report through you, in order that you may accompany it with your opinion and observations." Here the Commissioners will observe that upon the occurrence of this accident, and upon the appeal made to Lord Grenville, he calls for the report of the first clerk in the Issuing Office, but directs that report to be communicated to him through the chief clerk of his office, who was acting as his deputy. The following is the Report: "To the Right honourable Lord Grenville, Auditor of the Receipt of Exchequer. Report ordered to be made by Mr. Cracroft, whether by any alteration in the mode at present pursued in the preparation and completion of Exchequer Bills a more efficient security may not be provided against any future occurrence of the loss of any of them." The early part applies to the provision of an additional room, which does not apply to the present question. "The second measure Mr. Cracroft begs to recommend, is, that on handing over the Bills to Mr. Bedford for signature, after they are numbered, the receipt of them should be acknowledged by Mr. Bedford's initials, in a book containing columns for the date of their delivery, their amount, the first and last number of each parcel of Bills, and that on Mr. Bedford's returning them, and an examination made, the receipt should be acknowledged by Mr. Cracroft in the same manner; this book to be in Mr. Bedford's possession. This measure will show (in case of any future accident) at what period of transit from one hand to another the event occurred, and also (which is very material) how far advanced the Bills lost were towards their completion. The third and last measure Mr. Cracroft deems it necessary to propose, is, that the Bills when signed, and thus examined, should be given to the messenger to be sealed, at a time when one of the gentlemen of the office can attend during the time of sealing. These are all the precautions Mr. Cracroft thinks it necessary to recommend, always supposing that the security of the copper-plates and giving out the exact quantity of paper are very minutely attended to." Mr. Cracroft's communication

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communication was accompanied by a report from Mr. Bedford to Lord Grenville, agreeably to his Lordship's directions; Mr. Bedford first refers to providing a second room, which for present purposes is immaterial; he then says "The second suggestion made by Mr. Cracroft, although not tending to the direct security of the Bills, will at all events furnish evidence, which in case of any future loss or accident to them, cannot fail to be satisfactory to the parties through whose hands they have to pass immediately before and after the signing of them, and I shall most willingly join in the adoption of it. The third measure proposed, is one, which evidently bears conviction of its utility, and accords with that system of increased superintendence alluded to in a letter which I had lately the honour to address to your Lordship, the necessity for which I have endeavoured to make apparent by a detail of all the circumstances attending the preparation of Exchequer Bills, as set forth in the paper, which I beg leave to submit to your Lordship jointly with Mr. Cracroft's Report; and as in that paper some allusion is made to the space occupied by the principal department of your Lordship's office, and to that allotted to the issuing of Exchequer Bills, I have procured a plan to be made of both these departments, which I now enclose, in order that your Lordship may judge how far the proposed alteration may be proper and practicable. Your Lordship will, perhaps, permit me to observe, that on considering the various precautions which are now more than ever become necessary in the performance of the duties in question, I am impressed with the expediency of reviving the superintendence of the paper-mill, which, if properly executed, would tend to increase the difficulties of the first step towards forgery of the Bills, if it should ever be attempted. The degree of supervision of the press which is at present observed, might be increased by the constant presence of the principal messenger during the progress of printing; and if the augmentation of his services should be thought to merit compensation, no objection perhaps would arise on the part of the Treasury to rewarding him for it, under the consideration of increased security. I do not, however, attach so much importance to this increased vigilance, because if the number of sheets printed and returned to the Issuing Office be immediately examined, according to the constant practice there, the escape or abstraction of any of them would be instantly detected." In consequence of this, the Commissioners will find, in the year 1823, that Lord Grenville issued regulations for the office, which were, in fact, founded upon these reports. He directed a separation of the rooms, which was the first point; the next, that a signing book should be introduced, and strictly adhered to; that the Bills should be delivered, for the purpose of sealing, to the messenger, appointed to that duty by one of the clerks in the Bill Office, in whose presence they should be sealed in the office-room, and during office hours; "that whenever the sanction of the Lords of the Treasury shall have been obtained for the payment of such allowance as they shall think fit for that service, that there should be an inspector put upon the mill." Lord Grenville sent in those regulations in order to satisfy the exigency of Mr. Harrison's requisition, that he should furnish him with such increased precautions as might prevent any abuse in the office. The following is Lord Grenville's letter of the 5th January 1824.

Vide Appendix, No. 23.

Lord Grenville then proceeds to notice the measures that should be taken with respect to procuring better rooms for the conduct of the public business. The reference by the Treasury to Lord Grenville having been for a plan for the better security of the Exchequer Bill Office, I have thus referred to the reports of the two acting chief officers suggesting the alterations; I have also shown the plan, and the regulations adopted by Lord Grenville, submitted to the Treasury; and I find a Treasury Order made thereon two years afterwards, only adverting to the formal point which required a Treasury sanction, being the payment of the superintendent of printing 10*s.* per day. There seems to have been a continual controversy between the Exchequer and the Treasury with respect to the most economical way of obtaining the supply of paper, the Treasury contending that it should be supplied through the Stationery-office, in the ordinary manner, and the Exchequer insisting, that from the peculiar nature of their supply of paper, it ought to be excepted from the general rule. The correspondence on this subject is only material as showing the duties of the office, and the manner in which those duties were performed. It will appear from the correspondence which took place, that Mr. Cracroft, the head of the Exchequer Bill Office, was the person employed in giving the orders for the paper, and receiving the paper, and that there was a

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cognizance undoubtedly of that on the part of the chief clerk, but which seems to have resolved itself into very little more than knowing that the proper amount of paper had been received, which was afterwards paid for. The chief clerk is the manager of all the disbursements of the Exchequer. I find that in the year 1823 the paper-maker writes to Mr. Bedford, that he had written to Mr. Cracroft on the subject of Exchequer Bill paper, about two months previously; this is in a letter from the paper-maker to Mr. Bedford, dated 21st July 1823, and refers to the price of paper. I find another letter was written by Mr. Bedford, the 22d August 1823, to the paper-maker, in the following words: "Understanding from Mr. Cracroft that the moulds for making the Exchequer Bill paper are in your possession, I have to request that if all the paper already ordered is manufactured, you will direct them to be returned as soon as possible to this office, by the safest conveyance; and that you will also inform me if any Exchequer Bill paper is at present in your hands." There was also a report, which may be worth turning to, made in the year 1823, a report not made by Mr. Bedford singly, but by all the officers of the Exchequer, the Auditor's Office, the Pells, and the four Tellers, in which the question of the paper is alluded to, and the mode of managing the supply.

Vide Appendix, No. 17.

This Report bears date the 28th of July 1823. The original entry is in the Rolls Office, in the custody of Lord Langdale. In the year 1824 another unfortunate circumstance occurred in the office, which again becomes material, from the bearing of the correspondence upon the mode of conducting Exchequer Bill business. I allude to a forgery of a curious kind; it was a forgery committed by the alteration of a certificate issued by the Commissioners for Public Works at the South Sea House. Their certificate was altered from the sum of 400*l.*, for which it was issued, to 14,400*l.* That forgery was effected by their own chief clerk, who received the 14,000*l.* in excess, and I believe absconded, and thus escaped punishment altogether. This question was brought before the Treasury, in the first instance, by Mr. Bedford, and then by Lord Grenville. In this correspondence there are some curious matters with respect to the routine of the office, as to the places of signature of various documents, many important public documents having been signed and sent down to the officers of the department by post, and otherwise, and returned from thence signed by the parties; sometimes, indeed, the signature affixed to the documents in blank, and left at the command of the chief clerk to be used as occasion would require. This practice Lord Grenville endeavoured to restrain within certain limits.

By "the chief clerk" you mean Mr. Bedford?—Yes; this forgery was communicated by letter of the 10th of August 1824 from Lord Grenville to Mr. Harrison; and there was a memorandum made, stating the mode in which the fraud was effected; the fraud having been committed in May. The letter begins thus:—"Although not a moment was lost in apprising you by verbal communication, for the information of the Lords Commissioners of the Treasury, of the circumstance to which that letter relates, in order that such immediate measures as the case required might be taken upon it, and it has since been the subject of repeated communications in the same form between the Treasury and this office, I think it my duty to make to their Lordships this written report upon it." The answer of Mr. Hill to this communication is curious; it does not devise or recommend any new precautionary measures of any sort or kind, but it refers to Lord Grenville's letter of the year preceding in laying down the rules for the Exchequer Bill department. This letter had remained unacknowledged up to that time; it was now acknowledged, and directions given that the payment of 10*s.* a day should be made to the messenger for going down to the paper-mill. The next class of correspondence is more material; it brings down the evidence to the year 1833, and, consequently, very nearly to the passing of the Exchequer Act. In the year 1833 Mr. Suffield, who, I think, bore the title of engraver to the King, and was also engraver to the Exchequer Bill Office for a great many years, died; there was a great deal of consideration given by Lord Grenville to the appointment of a successor, and he appears to have taken infinite pains, not only in looking to the selection of the man, but in altering the system so as to make the security more perfect. Mr. Beaumont Smith at this time was at the head of the Exchequer Bill department; I think he had been made senior clerk some time before, and he submitted a scheme to Lord Grenville for carrying on the engraving within the walls of the office; and Mr. Bedford, in communicating that scheme, speaks of it as emanating from an officer of skill, ability, and experience;

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namely, from Mr. Smith. Mr. Bedford proceeds to state, the scheme which Mr. Smith proposes "being one for bringing the whole operation of engraving within the walls of the department," is recommended by not being altogether novel, for I find by an imperfect account discovered here a few years ago of the first institution of these Bills, that the copper-plates from which they were printed were engraved under the immediate inspection of the Right honourable Charles Montague, the inventor of the Bills, and one of the Lords of the Treasury, in the year 1696. My account states the delivery, by an officer appointed for the purpose, of the plate to the engraver every morning, and the locking it up again in the evening "when he left off work, that no opportunity might be given to any ill-intended person to make any advantage by taking off a proof," &c. The account of the further process of completing the Bills applies in every respect to the practice now in use." Here the Commissioners will see that in that practice which has been shortly described to them, we get a link of evidence, through the medium of Mr. Bedford, into the anterior practice of the year 1696, where he says, in all other respects, except the engraving, it was similar to that in his time, namely, in 1833. There arose an immaterial question about paying the engraver a salary, or paying him for his work. Mr. Smith's plan is useful to be referred to, as going to the question of carrying on the business in the office itself, in place of having the plates engraved out of the office, the plates being kept occasionally in Sloane-street, or the Strand, at Mr. Suffield's house. It provides for the custody of the plates, and for having the work executed at the Exchequer. Lord Grenville replies to this, "I must request you (writing to Mr. Bedford), on full consultation with Mr. Smith, to transmit to me a distinct plan and a draft of such regulations as may be necessary for carrying it into effect. It may be very useful, considering the nature of the subject, that we should learn what course is adopted upon it at the Bank of England, and I cannot doubt that the Governor, or the officer of that establishment principally connected with this business, will readily communicate to you, or to Mr. Smith, all necessary information on that point." Mr. Bedford replies, "The plan which Mr. Smith proposes, for the security of the plates during the process of engraving, is very simple, and only involves the allotment of a room already belonging to this department, and in every way adapted to the purpose, to the use of the artist, who should be strictly enjoined to observe there a state of perfect seclusion during his hours of work, and to admit no intrusion into it. He should also be required, on leaving off work daily, to lock the plate actually under his hands, after sealing it up, among the other plates in a chest to be provided for that purpose, and to deposit the key of the room-door with the Auditor's first messenger, resident in the Exchequer, under whose care the security of this room from fire and access of strangers is already placed, in common with the other apartments belonging to the Auditor. I am inclined to think that this plan will afford all requisite security, and will be easily executed. I have not as yet had an opportunity of communication with the Bank of England, for the object of learning the regulations observed there during the construction of notes, &c., but will lose no time in endeavouring to ascertain them; I only know that they are very strict, perhaps more strict than may be necessary in our case, where the papers under manipulation are so much less numerous, and where our very limited and inconvenient building might render similar regulations impracticable. The extensive scale on which that establishment carries on its operations, its command of space for its offices, and its uncontrolled power of appointing any number of officers, afford facilities for carrying into effect the wishes of the Governor and Company, which we have not." Lord Grenville is not quite satisfied with this reply; he observes, with great practical wisdom, "I can readily imagine that the extensive scale of such business at the Bank may require a system more operose and complicated than would be necessary in the case of the Exchequer; but before the business is finally decided upon, I should wish to know at least the principle on which they act in this matter." On the 18th of September, Mr. Bedford writes to Lord Grenville in reply: "My Lord, I have not been able, since I had the honour of receiving your Lordship's last commands, to make an opportunity for personal communication with Mr. Rippon, the chief cashier of the Bank, until the day before yesterday, when that gentleman most kindly and frankly informed me of the principle and detail of the regulations observed there in the preparation of notes, &c. The principle is simply that of entire and effectual separation of the mechanics engaged in that business from all other persons belonging to the Bank. Several contiguous apartments are allotted to their use,

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and one door controls the access to these, which is locked during the whole course of the work. As this is constantly in progress, many persons are of necessity simultaneously employed, and both the departments of engraving and printing are placed under the management of masters, who are made responsible for the operations of their men, and receive each a weekly sum for payment of the wages of these latter and of themselves. So far they may be considered as salaried servants of the Bank. At the conclusion of each day's work, the key of the controlling door of access to the working rooms is lodged with the chief cashier, and he, if present, or some competent officer in his absence, ascertains by inspection that it is locked before he quits the Bank. The notes, when completed in all respects and ready for issue, are deposited in a place which is rendered, by its mode of construction, completely fire-proof. I showed to Mr. Rippon a sketch of the substance of the regulations to be observed by the engraver and printer here, which I have now the honour to submit to your Lordship, and requested his observations and criticism upon them. He appeared somewhat surprised at their resemblance to those adopted at the Bank, and declared, after some consideration, that he could suggest nothing for increasing their efficiency, nor anything in improvement of our subsequent custody of the Bills, of the circumstances of which I informed him, except the addition of a depository for them, that might afford a perfect security against fire. This, considering the inattention which more than one Board of Treasury has evinced to your Lordship's repeated representations on the state of the whole edifice of the Exchequer, and what has transpired of the sentiments of the present Board towards the establishment itself, I fear would not be obtained; but I think that a substitute for it, in the shape of a double iron receptacle, might be of partial improvement." My object in reading this is to show that the regulations were then reconsidered, and were submitted, by Lord Grenville's desire, to the chief cashier of the Bank, and were approved of by him. At the same time it must be recollected that the regulations of the Bank have greatly improved since that time; it was before the introduction of Mr. Oldham's machinery; the system as it now exists at the Bank differs most essentially, and greatly for the better, from the system which then existed. On that occasion the regulations, which are before you, for the printer and engraver, were issued by Lord Grenville. These [*producing them*] are the originals, signed by Lord Grenville.

Vide Appendix, No. 27.

The Commissioners will have seen, that in the communication from Mr. Bedford, of the 28th August 1833, he refers to an ancient manuscript he had discovered in the office, which, he said, set forth the original practice in 1697, and which, with the exception of the question of engraving, he stated to be similar to the practice which then prevailed. I am enabled to produce the original manuscript itself; it is intituled, "Observations of Edmund Ball, Esquire, relating to the Rise and Progress of creating, issuing, and circulating Exchequer Bills." I was somewhat puzzled to know who Mr. Ball was; but in consulting the records in Lord Langdale's office, I find, in the year 1713, there is a letter from the Bank of England, addressed to Mr. Edmund Ball, of the Exchequer, upon the question of Exchequer Bills and other matters; which proves that this Mr. Edmund Ball, the author of this manuscript, was an Exchequer officer in 1713.

Vide Appendix, No. 8.

These are some of the original Exchequer bills that were issued in 1697, 1701 and 1709 [*producing the same*].

I have now brought the Commissioners from 1696 down to the year 1833. I shall not attempt to deduce from the documents I have referred to, what were the regulations at the time; the Commissioners will do that in the exercise of their better judgment. It becomes material to consider what the subsequent practice has been, and whether, since the office has been placed under the direction of the Comptroller-general by the Treasury Minute, there has been any relaxation or departure in any shape whatever from any one rule or regulation prescribed to the Comptroller-general, producing any loss to the public or to individuals. I need hardly trouble the Commissioners with the statement of duties made in 1830 and 1831 to the Commissioners on Public Accounts, which, in fact, completes the chain of evidence to which I have referred. These statements of duty were laid by Mr. Bedford, first, before the commission of inquiry of which I believe Lord Granville Somerset was the head, during the last months of the Duke of Wellington's administration, and were afterwards taken under consideration by the commission of which Sir Henry Parnell was the head, in the year 1831. These documents are before the Commissioners, and I need only to refer

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to them, for the purpose of stating that Mr. Bedford communicated to the Commissioners that which was afterwards communicated to the Treasury and to Parliament, that it was Mr. Smith's duty to number, indent, date, and separate the Bills from the counterparts and from each other; that as he is the principal person concerned in making the issue, he is responsible for their completion in all the points of numbering, signing, dating, and sealing, or stamping, which are necessary to their efficiency, as well as to the safe custody of them; that he also arranges by means of personal attendance at the Treasury, all requisite business preliminary to the making out of the Bills. The Report of 1831, and indeed all the discussions which took place in Parliament on that occasion, rather referred to the superior and more prominent duties of the Comptroller-general, than to his duties in relation to Exchequer Bills. If I recollect right, there is only one recommendation in the Report relating to that point; I allude to a recommendation on which the Treasury did not think proper to act, and which Parliament did not adopt; the Commissioners contemplated that the making out of Exchequer Bills should be transferred from this office to the Treasury itself, subject to the Comptroller-general's signature. That recommendation involved the transfer of the whole of the machinery for printing, and engraving to the Treasury, or, as an alternative, an entire departure from the present system of the execution of these duties in a Government office. The words are these: "To reduce and simplify the business of the Exchequer still further, we recommend that the management of Exchequer Bills be also transferred to the Treasury. As in the case of salaries, &c., the business of preparing and of issuing Exchequer Bills should be separated from that of paying them. The Paymaster should have credits given to him at the Bank of England by the Exchequer, under Treasury warrants for their discharge. To prevent the issue of any Exchequer Bills beyond the amount authorized by Parliament, it should be provided that every such Bill be countersigned at the Exchequer, before it can obtain a legal currency." Here perhaps the Commissioners will allow me, not inappropriately, to call their attention to two very important points. The one is, that whereas all the Supply Bills being made out in this office are issued from the Exchequer to the public through the Paymasters' Office, other classes of Bills for Public Works, for Deficiency, Consolidated Fund Bills, Fisheries, or any of those occasional Bills, are issued in this office to the parties. I think it would be a very great improvement if no such proceeding as the issue of an Exchequer Bill to private parties took place within the walls of this office, so that the duties of the Exchequer should be exclusively confined to the making out and signing these Bills, unless there be some other department which can undertake that trust. All this should be done by the Paymasters of Exchequer Bills; and in place of being, as it were, a check on ourselves in this office, although no kind of fraud or abuse has arisen in the issue of those classes of Bills, the whole should in future be issued through the Paymasters' Office. There would thus be one department for making out, and another department for issuing, in which case the issuing department will be a complete check on the department for making out Bills. At this moment, we have no single immediate check upon us; we must call in aid the Paymasters in respect of Supply, Mr. Sargent in respect of Public Works Bills, the Bank of England in respect of Deficiency Bills and Consolidated Fund Bills, and the Commissioners of the South Sea House with respect to Bills issued under certificates. Therefore there is no perfect check, or at least no check which has any unity. There is also too much done by verbal communications. Those I allude to are the verbal communications of the first clerk in the revenue-room at the Treasury, given to the first clerk of the Issuing Office. The whole machinery of Exchequer Bills is put into operation and activity by verbal communication. To those verbal communications there is no efficient check. And I mention this the more readily, because, in stating that the directions came from Mr. Brooksbank, I state that they came from a gentleman of the highest honour, experience, and integrity, in whom every possible confidence may be placed; but the same would have been said the other day of Mr. Smith, and it is not a right way of doing business.

To revert to the proceeding in 1834: Parliament legislated in that year, as the Commissioners are aware, and the legislation of Parliament on this subject was confined to one single clause in the Act, which refers to the making out of Exchequer Bills. The statute does not require much observation; I do not know that anything arises upon it, except that I should call the attention of the Commissioners to a distinct enactment which it contains, by which all Exchequer

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chequer Bills may be indiscriminately signed by the Comptroller, or by the Assistant-comptroller in the name of the Comptroller. Much misconception has arisen on this subject, from imagining that the Assistant-comptroller signs in the name of another person, of his own seeking, and not by the express direction of the Legislature. It may be, on this ground, worth while to remark upon the clause. The Treasury Minute in the year 1834 states, "That, considering the importance of the business of this branch (Exchequer Bill business), and the necessity of experience and accuracy in carrying the details into execution, my Lords are of opinion that they shall pursue the course most advantageous to the public service by continuing the present mode of conducting the business, until the Comptroller shall have had the opportunity of making himself acquainted with the whole of the arrangements, and shall be able to advise my Lords on the subject. They therefore propose that Mr. Smith, Mr. Chisholm, and Mr. Blake, shall continue to perform this branch of the business of the Exchequer, under the direction of the Comptroller." Then follows Sir John Newport's Report, which I believe the Commissioners have seen; and they have also before them the Report given by Mr. Smith on the mode of proceeding in 1834, and Mr. Chisholm's Report in 1841.

I think that I have now gone through the history of the case; but it is right that I should also state to the Commissioners how, in the year 1834, the Treasury proceeded to appoint the clerks of this office. The Treasury laid down the rule that no clerk should be selected who had not belonged to the former offices of the Exchequer then abolished. The services of all the clerks in the three several departments of the Auditor, the Pells, and the Tellers, were reported on and laid before the Treasury; and according to their services and merits, and according to the recommendations of those under whom they acted, they were all selected. There was but one single exception; one preference was given, but not out of the department, but to a junior clerk, who was, I believe, put over the heads of some of his seniors. The person I allude to was Mr. Barrett, recommended by Lord Camden. As it is recited in the Treasury Minute, this officer was preferred on account of the great claims to respect and gratitude which Lord Melbourne considered Lord Camden (who had recommended Mr. Barrett) to possess, for his noble sacrifices of private interest. All the other clerks were taken either from service or seniority. I am enabled to speak of this, because I was a party to the arrangement of this establishment. Mr. Smith was at that time the senior clerk. Lord Grenville had, in 1828, expressed his great confidence in the officers of the department, including Mr. Smith, by writing to Mr. Goulburn, and stating that he felt himself bound to lay before him an expression of his full conviction of the diligent and faithful execution of the important duties there enumerated, by that meritorious body of public officers, with whose conduct he had been, according to their respective continuance in the Exchequer for so long a course of years, acquainted. Therefore we had a recommendation of all the officers of the Exchequer, including Mr. Smith. Now I come to the period of my own administration of the office, and that of Sir John Newport, upon which I should wish to cease the form of narrative, and to subject myself to the examination of the Commissioners, inviting them to make that examination in the strictest manner in which it can be conducted, in order to discover where there can be shown any possible departure on my part, or on the part of Sir John Newport, from the rules we found established when we entered on our respective offices.

Probably your Lordship had better proceed in the form of narrative, leaving it open to the Commissioners to put any question they may think necessary?—There are two separate topics, perhaps, upon which the Commissioners may wish for information. The first would relate to any alterations which may have occurred in the practice of the office, and the next would be any suggestions of future improvement. On both points I feel most anxious to give to the Commissioners every information in my power.

There have been several alterations made in the practice of the office since I have been at the head of it, my appointment having taken place in August 1839. No one of these alterations has had the effect or tendency of relaxing any previous security; but on the contrary, as far as they may have had any operation, (and I think they have had a beneficial effect,) they have made the rule stricter, and have ensured a more accurate responsibility, not only as affecting the office to me, but as affecting myself to the Treasury, and ultimately to Parliament. The first of these to which I should wish to call your attention, is the introduction of

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the minute book, in which every direction I gave, and especially in questions with respect to any irregular proceedings in making out Exchequer Bills, or suspending the execution of a warrant for the issue of Exchequer Bills or other Treasury warrant, are directed to be recorded. No such document existed prior to my appointment. It dates from the year 1840, the beginning of that year, and was contemporaneous with the improvements in the form of signing the book; the latter is little more than an improvement in form, though it is of some importance as a record. If the Commissioners have compared the existing signing book with the earliest signing book in 1824, they will have found the information is now more perfect, and less capable of being falsified or mistaken than it had been previously. The next alteration is, that the correspondence book is now more strictly and regularly kept, and there is no proceeding with respect to Exchequer Bills, which is made a matter of correspondence to which the Commissioners may not now have the most ready access. They will perceive from my reference to those former documents, that I have been obliged to seek for information wherever I could find it; there was not information in the office, even to show the actual regulations made by Lord Grenville for the practical discharge of his own duties. There were frequently matters capriciously entered of separate letters, even in the books now in the custody of the Master of the Rolls. Some communications were entered in the Exchequer Bill Office, some in the certificate books, others entered in common account books; but there was nothing which could ensure a strict and accurate record of everything which occurred. As an example, the Bills which I have this day signed and delivered to Mr. Sargent in the presence of the Commissioners, were ordered under Treasury warrant four days ago; the Treasury warrant was irregular; it was my duty to refuse to act upon it. I did so refuse, and an amended letter of direction has since come to me on which I have felt authorised to act. If Parliament should wish, 50 years hence, to have that circumstance explained, which in itself involves the whole principle of Exchequer control as applicable to the issue of Exchequer Bills, you have now on the correspondence book the most complete information on the subject; previously nothing of the kind existed.

When was the correspondence book established?—The correspondence book was previously established, but its being regularly kept, and every thing entered into it, has been only of late years. We have the correspondence book from 1834 pretty accurate, but not so accurate as it ought to be; but it has now been brought into a proper state.

When did the additional regularity as to the keeping of it come into operation?—I think in the year 1834. Up to the death of Lord Grenville I find all the irregularities to which I have adverted; but I beg to be allowed to add, that in speaking of irregularities in the time of Lord Grenville, I do not wish in the slightest degree to attribute any neglect to him in the discharge of his duty; but having a deputy acting under him, the deputy gave a direction and the communication with Lord Grenville was often matter of private correspondence. Even since the last year the correspondence book is much more perfect than in any year preceding; and indeed I have not been able to bring the correspondence into the very state in which I should reckon it perfectly right, till the commencement of the present year, by its containing a record of every single letter, in place of having those letters scattered through several books. The next change was, that whenever any Treasury authority of an important character is brought before the Comptroller-general, he does not act upon it without first considering its legality. It is now initialed by him as evidence of this consideration, and this precludes any possibility of transferring the duty to any deputies. It also precludes the possibility of a fraud taking place by producing the same document twice over. It would have been possible, previously to this regulation, if there had been a fraudulent chief clerk, to bring the same Treasury authority twice over and get a double issue made, but that cannot now take take place.

What acts does your Lordship refer to?—All the Royal Orders and Treasury Warrants.

When was that introduced?—It was introduced by me about two years ago, and I have thus guarded the issue of public money against a fraud somewhat analogous to that of Mr. Smith. The next alteration is, that before any acquittances are signed for public money, the receipt is now always produced before the Comptroller-general or his assistant. It never used to be so. The acquittance was signed upon the credit of the clerk who brought it; but during the last two

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years no acquittance is ever signed without the receipt of the Bank accompanying it and supporting it as a voucher. The next is, that all the Bank of Ireland acquittances for revenue, which were formerly signed without any certificate of a sufficient kind that the payments were duly made, are now checked by the revenue department. They were formerly signed on mere certificates from the Bank of Ireland, of having received, say, 3,000 *l.* from the Customs, or 2,000 *l.* from the Excise; but whether these respective officers ought to have paid 4,000 *l.* or 6,000 *l.* did not appear. By the order I have made, no such acquittances are signed until we get a return from the revenue department corresponding to that previously received from the Bank, an assurance that the Bank has received a certain sum, and that that was the proper sum to be received. The next change to which I advert is, that in the process of paying off the Deficiency Bills, with which the Commissioners are doubtless acquainted, the act of paying off the Deficiency Bills was left altogether and unrestrainedly to the discretion of the Comptroller-general; he set off at his own discretion either more or less revenue, as he thought the circumstances would permit. By a regulation I have introduced, this office is precluded from doing any such thing without Treasury authority. We now require a distinct Treasury authority for every order so given.

How long has that been the case?—That is within the last two years; about the year 1840. These alterations are all within our time. The next alteration is, that in the absence of the Comptroller-general he receives daily a written report of every single transaction in the office, of every fact that takes place in his office, of every Exchequer Bill signed, of its denomination, of its amount, of the authority under which it issued, of every credit for public money signed, and of every specification paper signed, or authority for the receipt for public money. Another alteration is, that whereas previous to my appointment, when Exchequer Bills were issued to the Bank, they were sent by a messenger or by the chief clerk from hence to the Bank, and a receipt brought back. During that time all the Exchequer Bills, where they were not Deficiency Bills, were open to some risk in transmission. By the arrangement I have made with the Bank, they now attend here and give a receipt for the instruments and take them away. At the present moment no Exchequer Bill, except the Deficiency Bills, can issue from this office without a receipt for that Exchequer Bill being first deposited and left in the office. This is an invariable rule, which admits of no deviation whatever. The regulations now made against acting on orders written on erasures, or with interlineations, are also protections against error or fraud. There are some other alterations which I have made, but they have been made subsequently to the fraud of Mr. Smith, and therefore I do not attach much importance to them, as showing the ordinary practice of the office. I wished as much as possible to leave the office for the review of the Commissioners in the state in which it had formerly been, without making any alterations. I have, however, made arrangements with respect to the counterfoils, which are matters of the utmost importance, as bearing on the whole of this subject. Without going to the bottom of the question of counterfoils, the Commissioners will neither satisfy themselves nor the expectations of the Treasury, or of the public. The regulations that have been made are a great improvement, but more on that subject still requires to be done.

Will your Lordship have the goodness to inform the Commissioners what regulations have recently been made with regard to the counterfoils?—The Commissioners well know from the current usage of the Exchequer, which is now matter of history, that the tally was the old Exchequer check; when Exchequer Bills were first resorted to in 1696, it was natural therefore that in place of looking for new securities, Parliament should apply as nearly as possible the analogy of the old Exchequer system, and therefore they adopted the system of the counterfoil as the best protection for the public against forgery. In the year 1697, the first warrant for the issue of Exchequer Bills directs that there should be kept in the Auditor's Office, in books, "exact counterfits" or counterparts "of the said Bills, as well for trying the truth thereof, as for keeping an account of the sums issued thereby." In the year 1698, the use of those counterfoils was brought into practical operation. In a Treasury warrant of that date, it is recited that "Whereas it hath been represented to us that several Exchequer Bills doe appear to have been counterfeited, and the discovery thereof hath been by proving them by the counterparts of the said Bills remaining in your office; these are therefore to authorize and require you to signify to the four Tellers of the Receipt of His Majesty's Exchequer, that for the better discovery of and preventing the taking

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of any such counterfeit Bill, they doe not charge any Exchequer Bills until the same shall have been proved in your office." In like manner an order is given in the year 1697, to the Chamberlains of the Exchequer, "not to lock up any Exchequer Bills as cash till first compared with the counterfoil." In the year 1713, the matter is still more largely dwelt upon in a Treasury warrant of Lord High Treasurer Oxford of the 17th of July 1713; this passage is so material that I should wish to read it. It is addressed to Lord Halifax, the Auditor of the Exchequer, and the other officers of the Exchequer. It directs the Lord Halifax "that you sign the said Bills and cause them to be numbered, and also sealed and marked with a portcullis, and that you cause books to be made of the checks, indents, or counterfoils, from which the said Exchequer Bills shall be cut, as well for trying the truth thereof as for keeping an account of the sums issued thereby, one part of which said books are to be kept in your office, and the other part to be delivered by you to the Governor and Company of the Bank of England (which they are to re-deliver when the said Bills shall be cancelled)." At this time there were two counterfoils, one at each side of the Bill, a practice which had not ceased in 1797. "And you the said Auditor are forthwith to deliver over the Bills which shall be directed to be made forth from time to time by warrants as aforesaid, to the four Tellers of Her Majesty's Exchequer, or some or one of them, taking their receipts for the same, and you are to keep an exact account in the nature of a control, whereby you are to charge the said Tellers respectively with the monies which shall be contained in the Bills so by you delivered to them, and you are to give in charge to the said Tellers that they do also cause to be kept a true account of all the Bills which they shall so receive from you, and of their issuing, receiving back, and delivering out the same." Here we see a check given to the Bank of England for the security of the Government, and for the security of the Bank, which was used when an operation very like a funding operation took place. This appears in the year 1719, by a warrant from Lord Sunderland and his colleagues in the Treasury, by whom the officers of the Exchequer are directed to compare the Bills so received with the indents or counterfoils in their custody; "and being thereby satisfied that the same are true Bills, you are to deface and cancel not only the said true Bills, but also the indents and counterfoils thereof." The following is extracted from a warrant of the year 1745, to the Earl of Oxford, Auditor of the Receipt, and to the other officers of the Exchequer: "Now we judging it most agreeable to the course of the Exchequer, and for the safety and security of the said Governor and Company of the Bank of England, that the said Bills should revert and pass through the same offices to be cancelled, which they did pass when they were at first issued, have therefore nominated and appointed, and do hereby nominate and appoint the four Tellers of the Receipt of Exchequer for the time being, or any of them, to be the persons to whom the said Governor and Company shall deliver up the said Exchequer Bills accordingly to be cancelled; and you the said Governor and Company are hereby required to take notice thereof accordingly. And further, you the said Governor and Company, before you pay back the said Bills to the said Tellers, or any of them, to be cancelled in manner as hereinafter is directed, are to compare the Bills so to be paid back with the checks, indents, or counterfoils thereof, to be delivered into your custody by the Auditor of the Receipt of Exchequer, or other proper officer, in whose hands the same are now remaining, and finding the said Bills to agree therewith, you are to draw cancelling lines over the said checks only, and you the Teller or Tellers to whom, or into whose office or offices, the said compared Bills shall from time to time be delivered by the said Governor and Company, shall immediately upon receipt thereof throw down a Bill or Bills into the Tally-court." "And the tally or tallies that shall be levied at the Exchequer for the amount of the Bills so paid back, shall be delivered to the said Governor and Company, or their successors, for their discharge; and you, the Auditor, are to receive from the Teller or Tellers the Exchequer Bills such Teller or Tellers shall have charged him or themselves with. And upon comparing again, if you shall judge it necessary, the said Exchequer Bills with the checks, indents, or counterfoils," (this is a second comparison,) "and finding them to be true, you are to draw cancelling lines across." There is no legislation that I find exactly upon this subject that is of any importance till we come to the 48th of King George the 3d.

At what time do you find the disuse of the second counterfoils?—I have not been able to trace that with any accuracy; it must, I presume, have been disused

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by some verbal direction from the Treasury, and probably arose during the French war, when the issue of Exchequer Bills was so large and so very rapid, and when any delay would have been most severely felt. Probably, also, the experience of upwards of a century, without the occurrence of a single fraud in those securities, might have indisposed persons to continue what might with some truth have been considered an unnecessary protection.

What is the time down to which you trace the existence of the two counterfoils?—I think about the commencement of the present century.

Is it traceable subsequent to the 48th of George the 3d?—No; I should think there is no trace of it much beyond the commencement of the present century. Under the Act of the 48th of George the 3d, it appears to have been clearly intended that the counterfoils should be removed from this office to the Paymasters'-office, to be a check against the payment or cancelling of false Exchequer Bills by them. They are the persons who pay and exchange Bills, and therefore the Act of Parliament justly prescribes that those counterfoils shall be transmitted to them. It also prescribes that when the Bills shall be cancelled, and their accounts audited and passed, the counterfoils shall then come back to the Exchequer, in proof that the work is concluded; and there is a subsequent clause which enables the Treasury by warrant to direct the destruction of those counterfoils; for if all counterfoils were to be preserved, this house, or St. Paul's itself, would be filled with useless lumber. That Act has not been strictly complied with by any one of the public departments, including my own. I do not know that there is any other part of the duty here, and I have looked at it very anxiously, in which there has been any real irregularity; had I discovered such I should have stated it to the Commissioners, as well as that which exists with respect to the counterfoils. This irregularity is now corrected under the directions I have given. Lord Grenville, on various occasions, though without establishing any regular system, adverted to the Act of 1808; he seemed to have been moved from time to time by the inconvenient accumulation of counterfoils, and when it was reported to him that the presses were full, and the quantity had accumulated inconveniently, he directed an application to be made to the Treasury, having first ascertained from the Pay Office whether the counterfoils of any outstanding Bills had been sent back to him. Having got an account of what Bills were outstanding, and it being shown that the counterfoils in his office did not relate to any of those Bills, the Treasury gave him an authority for destroying them. There was an improvement made soon after Sir John Newport's appointment, which appears in the correspondence book of 1834. Sir John Newport directed that, as soon as the Bills were issued, the counterfoils should be sent to the next office. This is an improvement, because it is essential that, as soon as the Bill is issued, the counterfoil, which is the proper check upon this office, should be taken out of our custody, and placed in the custody of the Paymasters; and I never can feel too grateful for the fact or the accident, that Mr. Smith, in the perpetration of his crime, did not mutilate the counterfoils remaining in his possession; had he done so, the public and private individuals might have suffered largely. When the counterfoils are sent to the Paymasters'-office, they become an effective check on this department; but there has not been in the other part of this proceeding perfect regularity here. When the Bills have been cancelled, the counterfoils have been returned here; in point of fact, they were then waste paper; but they have been destroyed here on one or two occasions without going first to the Treasury for authority. It was probably considered that there was authority enough in the previous sanction, well knowing, that the counterfoils were only sent here after the Bills had been cancelled. They were therefore destroyed as a matter of course. I have directed that in future, when they are returned here, that fact should be reported to the Treasury, and that the Treasury should first give their direction for their destruction. Unless the rule of destroying the useless counterfoil be adhered to, the real counterfoils will never be kept safely, there being a number accumulating of no value whatever. I should suggest that the strictest possible enforcement of the rules of the 48 Geo. 3, should be in future recommended, both as affecting the Treasury and as affecting my department, and as affecting the Paymasters'-office; for in stating the irregularities which have existed, I take my own burden with regard to that fact whilst referring to irregularity in the other departments.

Is it quite certain that Sir John Newport's regulation has been complied with, that all those counterfoils, immediately the Bills have been issued, have been sent into the Paymaster's-office on all occasions and without exception?—No, certainly not;

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not; the regulation has not been acted on as strictly as it now is. It is of minor importance transmitting the counterfoils of certain Bills; there are 16 millions, or rather, from 16 to 20 millions of Bills issued in a year, of which the transmission of the counterfoils is wholly immaterial. I allude to the Deficiency Bills, which are made especially payable to the Bank; they come back from the Bank to us direct. My regulation is, that the whole of the counterfoils should go there, and that they should go as soon as possible after they are cut off. That I conceive to be the principle of the law; that is, what the 48 Geo. 3 contemplates. Sir John Newport's regulation was the first approach towards the systematic compliance with the law. It was not acted on so strictly as it ought to have been in point of time, but under the existing regulations it is acted on now more strictly.

From what time have those existing regulations been enforced?—The existing regulations respecting counterfoils are contained in this book, from which I have been describing to the Commissioners all the changes which have taken place in the office. After having stated all the changes made anterior to Mr. Smith's fraud, I added that this last was subsequently made, and within the last month.

Had that regulation been in force anterior to your present regulation as to Supply Bills?—Sir John Newport's regulation had been; but in one case there was a delay in sending the counterfoils of the Supply Bills. There appears to have been some difference of opinion between this office and the Paymasters on this point, and there seems some difference also between us and the Treasury. There is a Minute from the Treasury, which suggests it is sufficient to send the counterfoils at any time before the exchange, because it is for the purpose of guarding against a fraud in receiving false Bills for payment or exchange that the counterfoils are required. I do not agree with the Treasury in that opinion. I wish to send the counterfoils out of this office the very instant the Supply Bills are issued, because the counterfoils thus become a check against any erroneous fraud in this office, as well as a check against forgery.

What is the date of the Treasury Minute to which you refer?—It is a Treasury Minute of the 30th of November 1841.

By the book which I have now ordered to be kept, and which is formed in analogy to the signing-book, the existence of every counterfoil will be shown, and the place of its deposit; the date when transmitted from one office to another; the date of all references, the date of the Treasury Order for destroying counterfoils, and the date when that destruction takes place. This, as the Commissioners will observe, is a new regulation which I have made, not indeed to guard against the fraud effected by Mr. Smith, but to guard against another fraud, which Mr. Smith's proceedings have suggested as a possible occurrence.

How are the counterfoils preserved; are they in books?—Yes, in the case of Supply Bills, when transmitted from hence in the original book of 500. When they are returned, if particular Bills, as Nos. 316, 317, and 318, have not been presented for payment or exchange, the Paymasters should cut those counterfoils out of the book, and retain them, returning the book, minus those three counterfoils.

Mr. Smith, as your Lordship is understood to say, retained those counterfoils in his own possession, directly in contravention of Sir John Newport's order, which was to transmit them to the Paymasters'-office as soon as the Bills were issued?—Yes; he retained them for the interval of time between the period of the issue of the original Bills to the Pay Office and the discovery of the fraud. That was in contravention of the rule which had been made.

Do you know how many books of those counterfoils were in his possession, and not transmitted to the Paymasters'-office at the time of the discovery of the fraud?—No, they were the counterfoils of the incomplete issue of 11,000,000 *l.* They formed a part of the last issue of the year 1841, which under the Act of Parliament extended to the next March exchange. It is however clear, he retained them without any fraudulent design; for he might have made a most fraudulent use of them, and he did not do so.

His retaining them must have been known to other persons in the office, as well as himself?—Yes, but in former times the counterfoils had been allowed to accumulate in immense quantities, for years together, and not only the counterfoils but the signed Bills, as well as the printed forms; the quantity of printed forms prepared beyond the necessity of the case, the quantity of Exchequer Bills which were signed by anticipation and locked up, not in the custody of two officers, or even in the custody of Mr. Smith himself only, but signed Bills, locked up and under

under one single lock, of which every junior clerk in the office had a duplicate key, and to which he could have free access.

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Your Lordship refers to a date before the operation of this Act?—Yes, before 1834, the practice since being very different; but the Commissioners will feel some surprise at the extent to which the former practice was carried, when I show them one single return. This account, as well as the early signing-book will show that Bills had been signed by anticipation, to the extent of millions, and when useless were burnt and destroyed in the office. There is one such entry following another.

There is a record of the destruction kept?—Yes, generally speaking, since 1824: but before the introduction of the signing-book, there had been no regular record at all. The account I refer to, is a curious document, taken from the papers in the Record Office, intituled "An Account, showing the Number of Exchequer Bills made out and issued in the Years ending 5th of January 1818, 1819, 1820, 1821, 1822, 1823, and 1824." During those years there were 332,100 Exchequer Bills made out, and there were only 279,400 issued, so that there was an excess of 52,700 Bills made out, but not issued during those years. Even coming down later, there is a still more extraordinary document, dated in the year 1831. I suppose this account to have been made up at the time of the Commission of Inquiry, when a variety of documents were prepared in the office, though the Exchequer Bill department never seems to have excited much attention. Among the papers remaining in the office of the Auditor of the Receipt of the Exchequer, and now in the Public Record Office; is one contained in the Exchequer Bill book, No. 11, page 69. It is described as "An Account of Exchequer Bills remaining in the Chest on the 5th day of February 1831;" the value of these bills was, 7,022,200 *l.*; this account is signed "Edward Beaumont Smith." But the Commissioners must not imagine that in the year 1831, the signed Bills were in the charge of a single person, and under one key, and in a desk open to every junior clerk. In the year 1829 that system was corrected, so far as providing two locks for the press, which could then be approached only by the chief clerk, in conjunction with the senior clerk of the Issuing Office. The account, however, shows, that there were at that period signed Exchequer Bills, amounting in value to 7,022,200 *l.*, all left in the custody of the office. At this moment, so far is this from being the case, that there is not one single signed Exchequer Bill of any sort or kind existing here.

Were those Exchequer Bills sealed as well as signed?—I am not quite sure; I rather think not; for a considerable improvement has since taken place, by completing every Bill, and sealing it before signature; but in 1831 that seal was in the custody of Mr. Beaumont Smith, and it was frequently left attached to the open screw. It was not taken from the screw, but left in the office night and day, open to every one who had access to the apartment. There is another point to be adverted to, most essential to any effectual improvement of the system. If in noticing it I appear to find fault with another department, the Commissioners will bear in mind that I find fault with myself as much as with others; for, in animadverting on the Treasury for the mode in which one branch of the business is conducted, I must admit that the irregularity has been less in this respect since 1839 than whilst I was Chancellor of the Exchequer; but though the Treasury business with the Exchequer has become more regular than it had previously been, it still requires improvement. I hold in my hand an account made out from 1824 (the commencement of the signing-book), and brought down to the present time, showing all the issues of the Supply Bills; showing also the title of the Acts under which the Bills were issued; the date of the Royal assent to those Acts, the date of the Treasury warrant directing the preparation of the Bills; the date of the first signing, and the date of the exchange. This account will show that sometimes, not only the preparation of the Bills, (that is, the printing, binding, and numbering,) was carried on without authority strictly legal, but that the actual signing of the Bills necessarily took place not only before the issue of the Treasury warrant, but in some instances before the Act authorising the issue of the Bills had received the Royal assent. In the year 1824, for instance, the Exchequer Bill Act received the Royal assent on the 23d of March; the Treasury warrant was dated the 25th; the first signing took place on the 8th of March, 15 days before the passing of the Act. This occurred at that time, necessarily; and therefore, most properly, because the exchange of the Bills being fixed for the 26th, if the Exchequer had not

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proceeded by anticipation, no power of man's labour, within the office, if there had been 20 Comptrollers-general or Auditors, could have prepared and signed the Bills within the time limited. The cases in which the first signature took place before the Royal assent had been given to the Acts, are much fewer than those in which the signing began before the date of the Treasury warrant. Every one of those transactions, which, however irregular, are necessary to the public service, commences on the authority of a mere verbal communication to the senior clerk of the Issuing Office; no letter is addressed to the Comptroller-general, nor any communication from the responsible organ of one department to the head of another; but the whole of this machinery is put in motion, and consequently the whole responsibility for the proceeding rests on a verbal direction, given by an irresponsible clerk to another clerk, who is irresponsible also. The system will never be thoroughly amended till this practice is changed: but it must be altered with prudence; for if we were to say strictly that the Exchequer was never to make out Exchequer Bills until the receipt of the full authority of the Treasury warrant, the public service would be exposed to serious risk. I am obliged to prepare the Deficiency Bills some days before the full amount of the deficiency can be ascertained, and the warrant can be made out. All that I contend for is, that that which is done verbally ought to be done in writing, and that a letter from the Secretary to the Treasury should be addressed to the Comptroller-general, giving those directions in writing which are now given verbally. This letter should direct the preparation of the Exchequer Bills; it should state that a Bill was in progress through Parliament, and it should authorize the Comptroller-general to prepare the Bills. In this manner the system will go on correctly. I beg to put in the following document as an example of this statement.

[*The same was delivered in, as follows:*]

AN ACCOUNT showing the Date on which the Acts for raising EXCHEQUER BILLS for Supply received the Royal Assent; the Date of the Treasury Warrant directing the preparation of the Bills; the Date of the commencement of signing the Bills; and the Date of the Bills issued for the first Exchange following the Date of the Warrant; from the period when the "Signing-Book" was first kept.

Note.—The dates marked (*), show the instances in which the signing of the Bills preceded the date of the Act of Parliament; and the marks (†), show the cases in which it preceded the date of the Treasury Warrant.

DESCRIPTION.		ACT.	Interest.	Royal Assent.	Treasury Warrant.	First Signing.	Exchange.
	£.		*d.*				
1824: Supply	15,000,000	5 Geo. 4, c. 2	1½	1824: March 5	1824: May 11	1824: May 20	1824: June 14
Ditto	15,000,000	5 Geo. 4, c. 115	–	June 25	August 25	August 16	Sept. 20
On sugar	3,000,000	5 Geo. 4, c. 15	–	* March 23	† March 25	March 8	March 26
1825: Supply	20,000,000	6 Geo. 4, c. 2	–	1825: March 4	1825: March 11	1825: March 18	1825: March 21
Ditto	10,500,000	6 Geo. 4, c. 70	–	June 22	Sept. 24	Sept. 20	Sept. 27
Remaining of do.	8,663,400	– – – –	2 *d.*	– – – –	† Nov. 29	Dec. 1	Dec. 10
1826: Supply	10,000,000	7 Geo. 4, c. 2	–	1826: March 1	1826: March 17	1826: April 13	1826: June 16
Ditto	13,200,000	7 Geo. 4, c. 50	–	May 26	† Sept. 22	July 31	Sept. 26
1827: Ditto	10,000,000	7 & 8 Geo. 4, c. 2	–	Dec. 13	1827: March 1	1827: April 4	1827: June 26
On sugar	3,000,000	7 & 8 Geo. 4, c. 7	–	*1827: April 2	† April 4	March 31	April 5
Supply	13,800,000	7 & 8 Geo. 4, c. 41	–	June 21	July 21	July 26	Sept. 24
Vote of Credit	500,000	7 & 8 Geo. 4, c. 70	–	July 2	August 22	1828: March 27	1828: March 28
1828: Supply	12,000,000	9 Geo. 4, c. 2	–	1828: Feb. 19	† 1828: March 28	March 10	March 28
On sugar	3,000,000	9 Geo. 4, c. 36	–	* June 27	June 30	June 26	July 5
Supply	16,046,800	9 Geo. 4, c. 89	–	July 25	August 11	July 29	Sept. 26
1829: Ditto	12,000,000	10 Geo. 4, c. 4	–	*1829: March 23	† 1829: March 24	1829: March 20	1829: March 30
Remaining of do.	2,124,000	– – – –	1¾	– – – –	† Sept. 19	Sept. 4	Sept. 30
Supply	13,438,800	10 Geo. 4, c. 60	–	June 24	† Sept. 19	Sept. 3	Sept. 30
Remaining of do.	3,734,400	– – – –	1½	– – – –	† Dec. 15	Dec. 5	Dec. 18
On sugar	3,000,000	10 Geo. 4, c. 39	–	* June 19	June 15	June 16	July 7
1830: Supply	12,000,000	11 Geo. 4, c. 3	–	*1830: March 19	† 1830: March 22	1830: March 13	1830: March 26
Ditto	13,607,600	11 Geo. 4, c. 62	–	July 23	† August 12	August 10	Sept. 30
On sugar	3,000,000	1 Will. 4, c. 50	–	July 16	July 31	August 5	August 23
1831: Supply	12,000,000	1 Will. 4, c. 11	–	*1831: March 11	† 1831: March 19	1831: March 3	1831: March 20
Ditto	13,616,400	1 & 2 Will. 4, c. 14	–	August 23	† Sept. 26	Sept. 10	Sept. 27
On sugar	3,000,000	1 Will. 4, c. 23	–	March 30	March 31	March 31	April 2
1832: Supply	12,000,000	2 Will. 4, c. 12	–	1832: Feb. 20	† 1832: March 14	1832: March 10	1832: March 27
Ditto	13,896,600	2 & 3 Will. 4, c. 94	–	August 9	August 28	August 31	Sept. 27
On sugar	1,500,000	2 Will. 4, c. 22	–	April 3	August 24	August 30	August 31
1833: Supply	12,000,000	3 Will. 4, c. 2	–	*1833: March 29	1833: April 8	1833: March 27	1833: June 20
Ditto	15,752,650	3 & 4 Will. 4, c. 25	1	July 9	Sept. 28	August 23	Sept. 30
On sugar	3,000,000	3 Will. 4, c. 3	–	March 29	† April 6	April 4	None issued.
183 : Supply	14,000,000	4 Will. 4, c. 3	–	1834: March 26	†1834: June 2	1834: May 13	1834: June 17
Ditto	14,384,700	4 & 5 Will. 4, c. 68	–	August 13	† Sept. 3	August 25	Sept. 30

DESCRIPTION.		£.	ACT.	Interest. d.	Royal Assent.	Treasury Warrant.	First Signing.	Exchange.
1835:	Supply	15,000,000	5 Will. 4, c. 4	1½	1835: March 20	1835: May 28	1835: June 8	1835: June 22
	Ditto	13,521,550	5 & 6 Will. 4, c. 44	–	August 31	† Sept. 24	August 24	Sept. 29
1836:	Ditto	15,000,000	6 Will. 4, c. 2	–	1836: March 4	1836: March 24	1836: May 26	1836: June 22
	Remaining of do.	1,858,800	- - - -	2 (a)	- - - -	March 24	August 22	* Sept. 29
	Supply	14,007,950	6 & 7 Will. 4, c. 113	–	August 20	Sept. 17	August 22	Sept. 29
	Remaining of do.	3,626,850	- - - -	2½	- - - -	Dec. 10	Dec. 12	Dec. 19
1837:	Supply	11,000,000	7 Will. 4, c. 16	–	1837: June 8	†1837: June 23	1837: June 8	1837: June 27
	Ditto	13,623,300	1 Vict. c. 38	–	July 12	July 31	August 24	Sept. 29
	Remaining of do.	2,815,300	- - - -	2	- - - -	Dec. 5	Dec. 7	Dec. 14
	Supply	11,413,750	1 Vict. c. 12	–	1838: Feb. 20	1838: March 3	1838: March 6	1838: March 23
1838:	Ditto	13,000,000	1 Vict. c. 26	–	* June 11	† June 16	May 31	June 22
	Remaining of do.	317,700	- - - -	1⅞	- - - -	1839: Feb. 28	1839: March 12	1839: March 18
	Supply	11,044,550	1 & 2 Vict. c. 93	–	August 14	† Feb. 28	Feb. 21	March 18
1839:	Ditto	13,000,000	2 Vict. c. 8	–	1839: May 14	May 21	May 27	June 17
	Remaining of do.	352,600	- - - -	2¼ (b)	- - - -	- - - -	1840: March 5	†1840: March 16
	Supply	12,026,050	2 & 3 Vict. c. 90	– (b)	August 27	1840: Feb. 8	Feb. 22	† March 16
1840:	Ditto	11,000,000	3 Vict. c. 12	–	1840: May 19	† May 30	May 27	June 17
	Ditto	10,751,550	3 & 4 Vict. c. 106	–	August 10	1841: Feb. 23	1841: Feb. 23	1841: March 15
1841:	Ditto	11,000,000	4 Vict. c. 19	–	1841: May 18	May 25	May 26	June 16

(a) Prepared at 1½ *d.* and stamped 2 *d.* per warrant of 28 September 1836.
(b) Prepared at 1¾ *d.* and stamped 2¼ *d.* per warrant of 12 March 1840.

N.B.—The first issue of £. 12,026,050 was of £. 50,000 to the Bank of England, signed and issued on 13 February 1840, at 1¼ *d.* interest.

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On this subject I have nothing more to add; but there is another topic on which I desire to make an observation, because I understand it was intended to be relied upon in the defence of Mr. Smith, had the case against him gone on: I allude to the place of signature. I wish to inform the Commissioners, that on some few occasions I have signed Exchequer Bills, not in this office, but elsewhere. If you look to the signing-book, you will find that after my appointment as Comptroller-general, at the first exchange of Bills, I signed the whole of the Supply Bills myself. I was extremely anxious to inform myself of the whole of the business of the office, and I wished to ascertain by the experiment the entire weight of duty to be performed in it. This I did without having the slightest doubt of the legal construction of the Act of Parliament, which allows the Bills to be signed either by the Comptroller-general or his Assistant; this being the specific enactment of sect. 26, and not resting on the general clause, sect. 2. The latter allows the Assistant-comptroller to act in all things in the absence of the Comptroller; the sect. 26, is a specific enactment, authorizing the signing of Bills by the officer; but I observed to Mr. Eden that I was desirous of completing the whole of the signatures myself. On some few occasions, about this time, I got several boxes of Bills brought up to my own house for signature. The Bills were uniformly brought locked up in a despatch-box. I have signed the Bills at my own house more than once, and returned them in the morning.. I have sometimes had the signing-book accompanying them, but have uniformly signed it, and have seen the discharge subsequently given. I felt this mode of signature safe, and not open to the slightest objection; for not only is it in itself reasonable, the law not having particularised the place where the Bills are to be signed, but because, by anterior practice, not only had Exchequer Bills been so signed at the private residence of the proper officer, but they were sent for signature into the country, very long distances. There will appear on the signing-books entries of Bills sent down to Mr. Bedford for signature, at Dover, and returned by public coaches; and official papers were sent down for Lord Grenville's signature, at Dropmore, and returned signed. I therefore thought that the signature of Bills brought in my official box, and returned by me entered regularly, and included in the signing-book, counted over by the responsible person, and the receipt acknowledged, was wholly free from objection. I felt so clear on the strict legality of this practice, that on one occasion I signed Exchequer Bills whilst sitting on appeals; and at another time, when the making out of Bills was pressing, I signed Exchequer Bills in Committees of the House of Lords, before many Peers, members of the late and of the present Government. On another occasion I have signed some Bills at the Privy Council. I state all this to the Commissioners very distinctly, because I was informed by Mr. Maule that some point

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would have possibly been raised on this subject by the counsel for Mr. Smith, and therefore I now wish to bring it before the notice of the Commissioners.

On all those occasions, was the signing-book with your Lordship?—The signing-book came to me on many occasions; and the Bills were never signed by me without being regularly entered in the signing-book, and authenticated by my signature. I know I always took perfect care to see the receipt discharging me from responsibility, those being the Bills, of all others, respecting which I naturally took the greatest care to see my written discharge, vouching the accuracy of the whole proceeding.

How were those Bills transmitted to this office?—They were always sent by the messenger of this department, or by myself, in a despatch-box.

Who had the official key of that box?—One key was held by me; the other by Mr. Smith. The Bills were transmitted in the precise manner in which they are always sent from this room to the Exchequer Bill department.

By him they were deposited in the iron chest?—Yes; but not singly by Mr. Smith, but by the Assistant-comptroller or Mr. Bulley; for the chest could not be opened without two distinct keys.

They were never deposited without the intervention of the chief clerk?—I apprehend that never could have occurred without the intervention of the Assistant-comptroller or Mr. Bulley. It has been stated, and repeated till it seems to have produced some effect upon the public mind, that I had signed Exchequer Bills during the time that Sir John Newport was in the office, and that, consequently, this proved some great irregularity then existing, and probably still existing in the Exchequer Bill department. This is entirely unfounded. The Bills in question were Bills either for Public Works, or West India Compensations. By law such Bills are only issuable when applied for by the persons holding certificates; but the same law also provides that when the certificates are produced, the Bills must bear the date, not of the issue, but of the certificate, because I think the interest runs from that time. By law the Bills can only be signed by the person having the authority of Comptroller-general at the time the certificates are presented. The certificates in question bore date before my appointment, and during the time of Sir John Newport; but they were presented to me after I had succeeded to the office. The Bills of course bore date at a time when Sir John Newport was Comptroller-general; but the signature was necessarily mine, Sir John Newport having in the meanwhile resigned.

The Bill was dated on the 3d of April, and your Lordship's appointment was not till August?—Just so; and another circumstance observed upon as a proof of supposed irregularity was, that duplicate numbers were signed as the issue of the same year, and that two Bills of the same value and bearing the same number, might at the same time exist. This must ever be the case whenever there are two Exchequer Bill Acts of Parliament passed in the year; the issue under such must be numbered from one to the highest number issued; but any person deceived by this coincidence must have committed a wilful blunder, or neglected to read the scrip of the Bill, which was totally different in the two Bills. I do not know that I have anything else to mention, except the improvements which may be introduced into the future practice, for the protection of the public. We can easily meet the case which has been discovered. This may be done as easily as a leak may be stopped in a ship, when we know where a filling plug can be inserted; but I presume the Commissioners would wish to go much further, and see what steps it may be necessary to take for the protection of the public in future, not only as against one fraud, but as against others. This is a much more difficult case now than formerly, from the perfection to which the imitative arts are carried, and also from the tendency which crime has to run in a particular direction; and especially at the present moment crime seems to be specially applied to forgery. One of these [*two plates being produced*] is genuine, and the other is a voltatype. There are the two plates, and they are capable of indefinite multiplication. One of these seals [*two impressions being produced*] was engraved by a first-rate artist without any limitation of expense; he was told to engrave the seal on an agate, and to do it in the best manner. The other impression is from an electrotype duplicate, executed for 18*d.* But the specimen of imitation I now produce is still more extraordinary. The Commissioners are probably acquainted with the Athenæum newspaper, which is sometimes illustrated with wood-cuts; the number I hold contained an article on China, which was sent out to Berlin. By return of post, there was sent back to England a complete copy of the whole paper, including the engravings,

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engravings, and executed without moveable types [*producing it.*] There is not a type used in what I exhibit. I only allude to these matters for the purpose of showing the difficulties to be contended with, and am far from suggesting that because perfection cannot be attained, nothing should be done. One thing can be done effectually, that is, to protect the State against the liability of paying forged Bills. I admit that that is, however, but half the battle; for the State will not have many Exchequer Bills to pay, unless the public out of doors are protected against forgery. I have felt some difficulty in making written suggestions for improvement, lest the publication of such suggestions should defeat its own object. I felt no cowardice, however, on the subject, though I know that the moment I offer suggestions for improvement now, it may be asked, though not by very candid objectors, why were not these improvements recommended sooner? I am perfectly indifferent to such an attack, if I can make myself in any way instrumental to the public service. In the memorandum I hold in my hand, and which is transcribed from the minute-book, I have endeavoured to show, step by step, we can make considerable improvements.—[*The Memorandum was laid before the Commissioners.*]

Would there be any difficulty in sending the counterfoils to the Paymasters'-office, and having them compared with the Bills from this office before they were issued?—I think it would be very tedious and difficult indeed to have such a previous examination of the Bills before issue. It would create such a delay as would add most seriously to the inconvenience which has been already complained of at the Exchequer. The necessary comparison on payment or exchange of the counterfoils, if it is enforced under the 48 Geo. 3, will in itself occupy a very considerable time. I would not impose another and a previous check. I do not think that is the time to apply it.

Though it is more difficult to commit fraud, how does it appear that there is a perfect guard against fraud, without a comparison of the Bills with the counterfoils, in some other department?—That examination would be important; but perhaps the object contemplated would best be attained if the Bills were signed before they were separated from the counterfoils, and if the Bills with the annexed counterfoils were sent to the Paymaster, where the Bills might be cut from the counterfoils, and the counterfoils retained; in this case the identity of the counterfoils would be quite clear.

Would there be much difficulty in referring that duty to the National Debt Office?—I do not think that there would, if the question merely refers to the locality. I think the removal of the duty from one part of London to another would be very practicable; the only difficulty produced by that being the transmission of the Bills from this department to the City, rather than to the Paymasters'-office in Whitehall-yard. There seems no other objection or difference. I should, however, wish to reserve an opinion; my opinion is on the fact whether, without entirely remodelling the National Debt Office, this duty could be performed there. It must clearly be done in some Government office. We could not, under any possible circumstances, place the credit and sanction of such a mass of public securities as Exchequer Bills in any other hands but those of responsible agents of the Government.

Might it not be possible to return to the ancient system of double counterfoil, the one being lodged in an office in the City, and every Bill sent for recognition there within a certain time after its issue from this office?—I think that it is very possible to adopt a double counterfoil, but if there were such a recognition made necessary before the issue, the delay would be productive of great inconvenience. If an additional counterfoil were kept as a register in the hands of some public body in the City, responsible to the Crown and to Parliament, and that holders of Bills in the City might send their Bills for comparison at pleasure, I think that might be some convenience.

Supposing a notice were given that the Bills might be presented at a certain number of days' date for recognition, no Bill would circulate after that date without that recognition?—The fact of such recognition must then be noted upon the Bill by some stamp or signature. This would resemble the process I have been lately adopting with regard to the Bills examined and stamped. But if a fraudulent manufacture of Bills existed, that new stamp would be the only additional obstacle to the fraudulent issue. At the present moment, if a forgery should be effected of the stamp I have put on the true Exchequer Bills, the forged Bills might

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might be put into circulation. I am afraid that any denoting mark of the description I have referred to would be productive of inconvenience; but I should see no objection, but rather some mercantile advantage, if the counterfoils were removed to the City, and parties were allowed an opportunity of comparing their Bills with the counterfoils, or with any second counterfoil, as under the old system. If there were a second counterfoil, there must be also a machinery provided for its deposit and safe custody. With respect to any application respecting the genuineness of Exchequer Bills, previously to the time of the application to which my attention has been called, there was no instance in the memory of the oldest officer of the Exchequer of any such application having ever been made. So great was the confidence of the holders of the Bills, and of the persons through whose hands the Bills had passed, such a thing as a reference to the office, to know whether an Exchequer Bill was bad or good, had never been made.

Previously to 1834 they used to be sent from the Auditor's Office to the Tellers' before they went to the public?—Yes.

That has been done away with?—Yes, on the abolition of the Tellers' Office by law.

If some other office could be substituted, the Tellers' being done away, that would add somewhat to the security, would it not?—If the former practice of the Tellers' Office were removed, the old mode of performing the duty would be no additional security at all; the system would, on the contrary, be more defective than the present; for Bills were sent frequently to the Tellers in open clothes baskets, or on common boards; they were again transmitted from the Tellers to the Paymasters. At present no Bill is sent by me from hence to the Paymasters. The Paymasters come hither to receive the Bills, first giving a receipt for them; they then take them back to their office, locked up in an oak chest, and are responsible for their exchange. I think that if the check on this office by the Paymasters is improved as I have suggested, it affords the best security. I rely on the 48 Geo. 3, c. 1, as prescribing a proper mode of examination by the Paymasters, and thus affording a check against forgery, by rendering it unprofitable as well as dangerous to commit the crime.

Is there any reason why the Paymasters should not carry on their business in the City as well as here?—None whatever, that I know of, except the increased difficulty of transmission for a greater distance. But when Bills are transmitted safely to the Bank or South Sea House,—during the course of my late examination of Bills, I have seen young clerks entrusted with a million and a half, or two millions, to be deposited with me, and to be taken back again in the evening,—I do not think that there could be any great risk or difficulty, if it were otherwise for the public convenience, that Bills should be sent to the Paymasters in the City, their messenger being attended by a steady policeman.

Are the duties of the Paymasters'-office such as must be discharged in this neighbourhood?—I do not think that the proximity of their office to the Treasury is important: for nearly 10 years I was at the Treasury, and I do not think that I had occasion to hold much communication with the Paymasters. They might as well be removed to the City as to be left here. On the subject of the Paper-book, the Printing-book, the Engraving-book, all that part of the business may be made much more systematic than it has ever been, and I have already prepared a new set of books, which only await the result of this commission, and any proceedings which may take place in Parliament, before I give final orders for their adoption. The position of Mr. Smith in this office, the character he had maintained, his long services, the confidence reposed in him by Lord Grenville, placed him in this office just in the position of the bill clerk at the Treasury. I remember it was his duty to bring to the Secretary of the Treasury a box filled with Bills of exchange, of the authenticity of which Bills the Secretary of the Treasury could know nothing; he had to accept them, however, and return them to the bill clerk, who was considered as a confidential officer. Mr. Smith was so considered here, and up to the time of his commitment I should have said was deservedly so considered.

Mr. Bedford stated, in one of his reports, that the paper was ordered by the senior clerk, with the cognizance of the chief clerk; should you understand that cognizance to be confined to his being aware of the absence of the messenger, who was in personal attendance upon the making of the paper?—As will appear in the Minute-book, I have been endeavouring, since I have been here, to make the authority of the chief clerk much more efficient over the other branches of the office

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office than it had been. One of the minutes in the book is to enforce that regulation to which I look as essential. The chief clerk must be considered as a general superintendent by the department; there should always be some one on whom the responsibility must rest of enforcing the discipline of the office. But in former times the relative power of the chief and the senior clerk had been a constant cause of contest, jealousy, and resistance. I can trace this on the part of the Exchequer Bill Issuing Office, and of the Comptroller's department. When I have spoken to Mr. Bulley, or other officers on this subject, I have been justly told that Mr. Bedford stood in a peculiar position as to authority in the office, being Lord Grenville's deputy. I have held, however, that I must have some one in the office answerable for the whole discipline of the office, and for general adherence to the rules of the office, and for this I would hold the chief clerk responsible.

Would not the impression made upon the mind of any one previously to coming into this office, by the expression of Mr. Bedford, "that the paper was ordered under the cognizance of the chief clerk," be that much greater authority was exercised over the ordering the paper than turns out on your Lordship's knowledge of the office to be the fact?—Before my appointment to this office, looking to the document then before me, and the Parliamentary discussions upon it, I had attended mainly to the branch of the office formed for the control of the Treasury, and I had paid very little attention to the Exchequer Bill department. On my coming here of course I looked more accurately to it, and I found that the business was then carried on as it had uniformly been. I found that the payments always went through Mr. Bulley, but I did not find that there had been any practical control exercised by Mr. Bulley over the more extensive duties of Mr. Smith, and my minute was not so much to give authority to Mr. Bulley over Mr. Smith, as to make him the medium through which my orders were to go, and to make him responsible for the due execution of those orders.

Are you aware that Mr. Bulley's sole interference as to the ordering of the paper, is not to see what the amount of paper ordered is, but whether the charge for the paper is correct, and whether the casting up of the bill is also correct, and that he exercises no authority whatever as to the quantity ordered, or the quantity received?—Yes; nor did I ever conceive that he was bound to do more, except the other sanction he exercises, which is not a slight or unimportant one, but as it makes him cognizant of every order given for paper, though not of the accuracy of its fulfilment, but rather makes him know the fact that the paper is sent for, and that it is delivered at the office, for it is through the chief clerk that the supervisor of the paper gets his orders to proceed to the mill, and he also knows the time when he returns with the paper. But the ordering of the paper has always been under the control of Mr. Smith, and has been from the commencement under the superintendence of the gentleman holding that situation.

The public were told that it was done under the cognizance of the chief clerk?—I have such a perfect respect for Mr. Bedford, who was a most strict and accurate public officer, that I am perfectly satisfied that if Mr. Bedford used that word he did not intend to convey any meaning beyond that which the fact warranted.

The question is, what impression this was calculated to make on the public mind?—It is not for me to answer the question. But I think that if he, Mr. Bedford, meant to express more than he did, he would have expressed himself to that effect, which he did not. He might have stated that the paper was taken into store, and counted over by him, or that the chief clerk was answerable for that paper; but in the very same return he says, the senior clerk is not only answerable for the duty of his office, but that he is answerable for the custody of the Exchequer Bills themselves; and having stated this expressly with reference to the Bills, which are equal to coined money, he cannot be held to have expressed or inferred a different meaning in respect to the paper on which Exchequer Bills were afterwards printed.

When did the fact first come to your knowledge that there was no control exercised as to Mr. Smith's ordering the paper?—I do not think that I ever considered Mr. Bulley had any control over the quantity of paper delivered or taken into store; I knew he had a perfect knowledge of the quantity which was purchased, because he was the person who paid for it; but I knew perfectly well that he was not the person who had the charge of that paper, because I knew that neither he nor any other person, except the senior issuing clerk, had the control over it.

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Are you aware that very large quantities of paper were manufactured beyond those necessary for the printing of Exchequer Bills?--Certainly; one year's supply is always on hand; and I know large quantities of Bills were printed in anticipation; and that without that practice, the public service would frequently be suspended.

And that no check was kept of the surplus Bills?—I know that on the whole quantity of that paper there was a check, and on the quantity printed there was a check by the printer's book; that for that printer's book Mr. Smith, or the senior clerk, was responsible, as in all previous times. The senior clerk had been responsible exclusively for the signed Bills; that whilst in 1829, as a measure of precaution, an additional check was imposed on the custody of the signed Bills, the custody of the paper, and of the printed forms, was left entirely in his charge; as at the present moment the printed forms for the acquittances, the credits, and the transfers, are all in the custody of Mr. Bulley and his department, and consequently are left in his hands unchecked.

Do not you think it desirable that some arrangement should be made upon that subject, and that it should be placed in joint custody?—Certainly; and a memorandum of mine, which will be found in the Minute-book, has recommended that the printed paper which had hitherto been necessarily in the custody of one person, certainly should hereafter be placed in the care of two persons, and kept in a depository, which can only be approached by opening two separate locks.

And so in respect of the copper plates?—Yes; I think these are improvements; and as relating to paper and printed forms, they are all comprehended in the memoranda I have made, which you will find in the Minute-book. The paper and the printer's books, which are now prepared, will afford a more complete and permanent register of every issue of the whole amount of stock received, and of every delivery out of that stock, leaving the parties who are charged with the custody of that stock responsible for the balance between the stock as first taken and the issue.

The Treasury never issued any regulations on Sir John Newport's Report in 1834?—No.

Were there any orders given with respect to the books to be kept in the Exchequer Bill department?—No new books were ordered for that department. All the books ordered and arrangements made for the Comptroller's Office are recited in the Minutes laid before Parliament, and printed for the use of the House of Commons. With respect to the power and authority of the chief clerk of the office over the other departments, I find that regulations embracing this subject were issued by Lord Grenville on the 27th of May 1818, which are contained in a paper now in the custody of the Master of the Rolls. In these rules, Lord Grenville directs that the chief clerk, as far as relates to the Auditor's Office, and the senior clerk of the other department, are responsible to the Auditor for the regular performance of the business of their respective offices, and for the due observance of the regulations, particularly as to the hours of attendance which the Auditor expects to be adopted and observed henceforth. That regulation places the responsibility of the respective departments on the chief clerk for the Auditor's Office, and on the senior clerks for the other departments.

SATURDAY, 15*th January* 1842.

Edward Henry Nevinson, Esq., Examined.

E. H. Nevinson, Esq.

15 January 1842.

ARE you Chief Paymaster of Exchequer Bills?—I am.

Will you state the course of proceeding with regard to the transmission of the counterfoils and the return of those counterfoils to this office?—Sometime past, when the office was in Palace Yard, the counterfoils were not expressly in the custody either of the Comptroller or of the Paymasters but in both, as it were; there was a room in which they were contained, with keys common to both, and that continued till we moved to these present premises.

What date was that?—The removal was about seven or eight years ago; hardly so much as that.

When

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When you removed here, what became the practice?—They were then in the custody of the Comptroller-general till they were forwarded to us, and after the payment was completed, and the account passed, they were then sent back again to the Comptroller-general, according to the Act.

How soon was the transmission to you after the issue of the Bills in general?—I am not able to answer that question distinctly; I do not think there was any stated period. They were principally in the custody of the Accountant, because the office had to do with them.

Is he the person that has been in the habit of receiving them from the Comptroller's Office?—Yes.

What is his name?—Samuel James Wood.

How soon after the payment of Exchequer Bills was it the practice to transmit the counterfoils back again here?—Not till after the account was passed by the Auditors.

Suppose that in a book of Exchequer Bills, there were two or three that were not brought in for payment, how was it managed with regard to those counterfoils?—Those would appear by our register not to be paid. It might happen, that in a sheet there was only one remaining, that one would be cut out and kept by us, and the book, with the exception of that, would be returned to the Comptroller-general.

Are they kept in stitched books always by the Accountant-general?—Yes, each book contains a certain number.

You keep a register of the numbers paid off?—Yes.

So that you can always tell what are paid off and what not?—Yes, the register is our principal dependance.

Were you in the habit always of comparing the Bills when they came in for exchange with the counterfoils?—No, because our instructions do not say so. It is a remarkable circumstance, that our instructions from beginning to end do not state anything whatever as to the comparison of the counterfoils. They say expressly, that the Paymasters having received the Bills from the parties, whether bankers or stockbrokers, shall proceed to cancel them, and hand them over to the clerks to undergo the necessary operations.

For what purpose are the counterfoils sent to you?—We conceive that in the case of any Bill having a suspicious appearance, or having been in any way injured, it should be examined with the counterfoil, for when they were only single numbers it sometimes happened that the parties, in cutting the Bills to transmit them from the country by post, injured the number so, that part of the number was effaced, and in consequence it became necessary for us to assure ourselves that the Bill was correct by examination with the counterfoil.

But you never did so examine unless there was some cause of suspicion on the face of the Bill?—No.

You are aware of the Act of the 48th of George the 3d?—Yes.

Do you recollect the words of the 7th clause in it?—It says, that having been prepared with such counterfoils or indents as the Lords of the Treasury shall direct from time to time (which is rather ambiguous) such counterfoils shall be transmitted to the officer appointed to pay off, "to prevent his being imposed upon by counterfeit or forged Bills." There is no specified time there when they shall be transmitted to us. But if the Commissioners will permit me, I will just read the words of our instructions which relate to the point I have just been mentioning.

What is the date of those instructions?—The year 1829.

From the Treasury?—Yes. When the Bills and lists are made out according to certain instructions, they are to be received by one of the Paymasters, who is to deliver memorandums of the principal and interest of the Bill so delivered, and then to cancel the Bills and hand them over to the clerks; so that the cancelling is to be simultaneous almost with the delivery of the Bills to the Paymaster. There is nothing whatever said of examining with the counterfoils, and it would be impracticable under present circumstances, because we have not time enough allowed to do it, there is such a hurry made to get the Bills back again to the public. An inquiry was made about it in Parliament some years ago, and the Treasury directed us to be as expeditious as possible, and it would be impossible to examine them in the time.

The period given for the exchange is about a week?—Seldom more than that and we have 18,000 or 20,000 vouchers to examine, and to cancel twice over, because the Paymaster cancels once, and there is subsequent cancelling by punch-

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ing a hole through the middle, and there is an examination of the books; so that it would not be possible to examine the counterfoils.

Have you considered the 11th section with reference to the 7th: "Be it further enacted, that the said Paymaster or Paymasters shall be subject and liable to such inspection, examination, control, and audit, and to such rules in respect to paying, accounting, and other matters relating to the execution of the said office or trust of Paymaster, as the Commissioners of the Treasury shall think fit or reasonable to establish or appoint from time to time for the better execution of the intent and end of this Act and the satisfaction of the proprietors of Exchequer Bills." Without reference to any rules laid down by the Lords of the Treasury, but taking that in connexion with the 7th section, are not you bound yourselves, under the words of the 7th section, to take care, by means of comparison with the counterfoils, that you are not imposed on by counterfeit or forged Bills?—I can show clauses here by which we are to be subject to such rules and regulations as the Lords of the Treasury should think proper to direct.

But supposing in the Act there are certain rules which you are to observe, the Lords of the Treasury cannot repeal those rules by their regulations?—I do not perceive any part of the 7th section which requires us to compare every Bill with the counterfoil; I should say that the two sections are inconsistent.

What becomes of the counterfoils afterwards?—They are forwarded with the account to the Auditors of Public Accounts, when the account is made up.

And they are left there?—They are left there.

Has it ever occurred within your experience that the holders of Bills have made inquiries as to their genuineness at the office?—They have occasionally.

Was there any inquiry at the office respecting a Bill being signed by Lord Monteagle which was dated in the time of Sir John Newport?—I have no recollection of such a thing; but it is very possible that such inquiry might be made in the office amongst the clerks without the knowledge of the Paymasters.

Are Public Works Bills and West India Compensation Bills presented at your office for payment and cancellation as well as Supply Bills?—Yes, and formerly such Bills were allowed to be exchanged; the last two years or so they must of necessity be paid off in money.

With regard to that Bill bearing Lord Monteagle's signature in 1839, and which was dated on the 3d of April 1839, and was noticed in the Times on the 19th of December 1839, where it was stated to be conjectured to be a forgery, do you know whether any inquiry was made as to that Bill at the Paymasters'-office?—I am not aware of any.

Perhaps you can state whether or not a West India Compensation Bill would bear date, not at the time it was issued to the public, but when the compensation was given?—It appears a great irregularity in some of these Bills, but it has been the custom to date the Bills at the time the application for such Bills was made, although, in many instances, they were not issued to the party for eight, nine, or ten months afterwards. The reason of that I cannot explain; but I believe sometimes it happened that bonds were preparing, and the securities being inquired into; so that it frequently happened that the Bill did not go out to the party till many months after the application, and the Bill was dated from the time of the application.

Therefore the explanation is, that the Bill of course would not be signed till it was issued, and at the time of the issue Lord Monteagle happened to be the Comptroller-general?—That may be the case.

You are not aware that any inquiry was made respecting that Bill?—No.

All Supply Bills are issued from the Paymaster's-office?—Yes, in exchange.

That is the invariable rule?—I believe it is the invariable rule now; I have at times known it otherwise when Bills were wanted for other services, but I believe that has of late years been the invariable rule.

Do the counterfoils always come to you in entire books?—Yes.

There are never any broken numbers?—Except probably the whole of a book may not be issued, and then they would retain that part which was not wanted.

What test have you of the accuracy of the number of counterfoils delivered to you?—They are labelled on the outside, "Public Works" or "Supply Bills," quoting the Act, and then it is stated "No. 1 to 500," and "No. 501 to 1,000," and so on.

Are they counted over to you?—It is the business of our clerks to run over them when they are received.

Nothing

Nothing but the labelling?—Nothing but the label on the outside.
Whose labelling is that?—That is done by some officer in the Issuing department.
By the senior clerk?—I do not know by whom.

E. H. Nevinson, Esq.

15 January 1842.

Samuel James Wood, Esq. Examined.

YOU are the accountant in the Paymasters of Exchequer Bills' Office?—I am.

S. J. Wood, Esq.

The Commissioners wish to learn from you exactly what the practice is with regard to the transmission of the counterfoils from hence to your office, and the return of them from your office to this?—There is no regular period for their being sent or returned. Of course they are not returned till the accounts, of which they form a part, have been audited and passed, and then they are sent, but not immediately; the time is rather uncertain.

But the ordinary practice is to return them after the accounts are audited?—After the accounts are audited.

But reserving the counterfoils of any Bills that have not been paid?—Yes.

The Commissioners understand that there has been no rule in point of time by which the transmission from hence to your office has been regulated?—None.

Are you the person who receives them when they are transmitted?—No, the Paymasters receive them; two clerks of the Register generally receive them; that is to say, the particular department to which they attach, they generally have the responsibility of the counterfoils.

You do not receive them?—I do not receive them personally; they are put in a press, and are locked up with the office keys, and the keys of those presses are taken care of.

By you?—By me, or the officer deputed in the week. They are locked up in presses, and all those keys are locked up in a drawer in the office with a patent lock, of which I keep one key, and the clerk in the working department keeps a duplicate.

Is he a clerk in your office?—Yes.

You were satisfied if the counterfoils were sent to you just previous to the day of exchange?—Yes.

Was it the habit of the office to compare the Bills sent in with the counterfoils previously to the exchange?—Never, except in case of a doubtful Bill.

Sometimes they come back in a damaged state?—Yes, sometimes they were cut off in some part, and the counterfoil only came: I remember an application to the Comptroller as to the genuineness of a Bill; that was a case in which it had been cut in two and wrongly joined; but that is obviated now by having the number on each end of the Bill.

How long has that practice obtained of double-numbering?—I should think four or five years.

That was introduced for the convenience of the public, who cut them for conveyance by post?—Yes.

Do you act under instructions from the Treasury?—Yes.

Have you got them with you?—I have (*producing the same*).

Is that a copy of the instructions in your hand?—Yes, it is, as we had it with this letter (*producing a letter, dated the 1st of June* 1829). There is also the report of the Auditors upon the alterations in the instructions (*producing the same*).

And the Supply Bills are entirely issued from your office in exchange?—Not entirely; the greater part had been till Parliament voted above 800,000*l.* more than the supplies required, for the China war. There was about 800,000*l.* at that time, and about 1,000,000*l.* another year, which Parliament granted over and above the sum required for the exchange.

Where were they issued from?—From the Comptroller's department here to the parties requiring them; I believe the National Debt took most of them, except 150,000*l.* which the East India Company had.

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Those were issued over and above the amount required for the exchange to supply the vote for the deficiency?—Yes.

Are you at all acquainted with the mode of dealing with those extra Supply Bills to which you have alluded; if they do not pass through the Government or the East India Company, do they go through the hands of the Government broker; they do not go from your office into the hands of private individuals?—No.

Do they go through the hands of the regular Government broker?—I should think, decidedly so; I do not know whether they were delivered to the broker, but they are delivered to Mr. Higham, who advances the money.

They were delivered to the Comptroller of the National Debt Office?—In one instance, and in another instance to the broker.

When you say "the broker," you mean the Government broker?—I should think so; but we know nothing as to where they go from the Paymasters'-office, we only know when they come to be paid; but I have an issue ticket, by which I keep up my books; if I did not know when an issue takes place, I could not make out the outstanding and the unfunded debt, and the interest that had accrued upon it. When any issue takes place, over and above the exchange of Exchequer Bills for supply, I generally learn the reason of that by asking Mr. Brooksbank; but there would not be any excess of Supply Bills above the exchange unless there were some grant of Parliament to justify it.

Have you often occasion to have personal communication with the Treasury?—I have very frequently with Mr. Brooksbank, whose office being immediately under the Treasury, of course I receive instructions from him.

Verbal instructions?—Yes.

The business of the Paymasters'-office is entirely confined to Exchequer Bill exchange business?—Entirely.

There is no other business carried on in that office?—Nothing but that; the Supply Bills and Public Works and Deficiency Bills.

Your work must be sometimes very laborious, and at other times very light?—It is very heavy at times, and at other times very light. Then we have to make up the books, and so forth.

What is the period in general allowed for an exchange of Bills?—We have taken seven days, and then we work till seven or eight o'clock at night. In fact we have been urged by the Treasury to do it as quickly as we could, for the public convenience, and that has been one reason why the counterfoils have not been used as a test of the Bills. First of all, they are not in the instructions; and in the next place, there would not be time to compare those Bills with the counterfoils; and if it be the pleasure of the Treasury that in future every Bill should be examined with the counterfoil, we must take six or seven days more to hold the Bills for the preparation of the exchange.

Would there be any objection to have the payment of the interest twice a year, upon the bills at one period and the exchange at another?—I should think it would be attended with great inconvenience, as the interest must be written off at the back of the Bill; some of the Bills come to us in so dirty and mutilated a state, and so written upon, that it would be hardly legible.

Perhaps you are aware that that is the case with the India Bonds?—I am. Some of our Bills are in such a mutilated state, so dirty, so indorsed, that you could not write off the interest at the back very well; of course if they paid twice a year, it would be additional trouble, but the issuing the Bills again would be very similar to an issue of new Bills; if we had to re-issue the Bills after the interest had been written off at the back, it amounts to the same thing as the issue of new Bills.

Do the Bills generally come in together according to their numbers?—Bankers bring them in just as they have them from us, in a succession of 150.

Have you ever had an instance of a Bill, for example, which ought to be numbered 229 forming the original of the place, where 230 is named?—I have not had much experience in the comparison of the Bills with the counterfoil, and I cannot give an opinion as to that.

You never knew an instance of that?—No.

Who actually makes the comparison of the Bills with the counterfoils?—Hitherto it has not been done.

Do you mean to say that there has been no case in which that has been done?—I do not recollect any; but there have been a few, and those Bills have been Bills which

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which have been either mutilated or have been cut in half, or have been at all suspicious; and then the clerks of the Register are the gentlemen appointed to superintend and manage these things, and now the Paymasters take the custody of them themselves, and have them examined in their presence.

In a broken book what is there to show the number contained in it; suppose the last book of the series, what have you got to show the number contained in it?—There is nothing, except that if the last Bill finished at a middle or top Bill, they have torn off the remainder of the other Bills, and then I have a ticket of the Bills issued.

Whom does that come from?—That comes from the Issuing Office to me.

From the senior clerk?—From the senior clerk of the Issuing department.

And the counterfoils come from the Issuing Office?—Yes; we do not see them for six months; in fact we do not want them till we advertise the payment.

When you receive the Bills that have been issued in exchange, what is the practice in your office?—First of all the Paymasters receive them, and give memorandums for the receipt of their having delivered in such and such Bills, and then they cancel them, and then they come to the working department, where they are examined and done everything proper with; sometimes we get a Bill that is not advertised; of course all those things are rejected, and the people written to.

When you receive from this office a new supply of bills to be issued to parties in exchange, what is the first process which takes place with the new Bills upon their being received at your office from this office?—I come down here to receive them; a gentleman in my department comes here first and counts them here, to see that they are right according to the issue we have demanded, and then I come and receive them, and give the Paymaster's receipt for them; and then they are taken to my room, and, with the assistance of three or four gentlemen, I divide them to the customers according to the Bills they have brought in, or as they require them; it is a long process, but it must all be done in that day; Bills are only issued the day they are dated, then we have to count them and divide them.

Do you make any entry of them in your book?—Yes.

With the numbers?—Every number that every person receives.

Then you deliver up the Bills to the parties that come to claim them, with a cheque for the interest?—Yes, a cheque for the interest, and the cover of the label showing what Bills they are about to receive.

Henry Williams Chisholm, Esq. further Examined

H. W. Chisholm, Esq.

THE Commissioners understand that the Supply Bills, generally speaking, are issued out of the Paymasters'-office to the public?—Yes, all for exchange.

But there are a portion that are issued from this office?—Yes.

Under what circumstances are those Bills generally issued?—There are only two cases since the establishment of the Comptroller's-office in which they have been issued; the first case was in February 1840, when a million was issued, direct to the Bank of England.

Were those Bills filled up to the Bank of England?—No, they were not; a blank was left as usual. The second instance was at the close of 1840, when 800,000*l.* was issued in the same way to the Bank of England. These two sums were not issued at once, but at different times, according as the money was required.

But uniformly to the Bank of England?—All to the Bank of England.

The transmission was direct between the Exchequer Office and the Bank of England?—Yes.

You stated the other day, that upon certain occasions the stock of paper was taken; in what way was that stock taken?—Merely by counting the number of reams, and the broken ream; and seeing that these agree with the number in the paper-book.

You do count the broken ream?—We do not count the sheets, because they

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are counted over when they are brought from the printer; and whoever counts them writes the number on the outside, and puts his initials, and that is thought sufficient.

You count the number of reams, and you take for granted that the number of over-sheets is correct?—That it corresponds with the number marked on the outside.

Even as to the broken ream you do that?—Yes.

But you do not count each sheet?—No, we do not count each sheet in the broken ream.

Is there never more than one ream broken at a time?—Never more than one ream, except that sometimes there is a broken ream sent from the manufacturer's at the time when the new paper is delivered; but that second broken ream would be delivered, as soon as convenient, to the printer; so as to get rid of it, and to have but one broken ream.

Will you direct your attention particularly to that discovery of a mistake in the quantity of paper, which you made, and which you subsequently corrected: do you remember how you corrected that mistake; was it by taking the stock of paper, or merely by comparing the entries in the books?—I have no recollection of it.

You do not remember that you took the stock of paper at that time?—No, I do not. I recollect discovering the mistake, and rectifying it, but I do not recollect the particular circumstances under which I discovered it.

You did not take the stock of printed paper at any time?—Never.

After the printed paper is once returned from the printer, it is never counted over at all?—No, it is thought safe in our custody; we never leave it out by any chance.

It is always in the cupboard which is accessible to the keys of three clerks?—It is accessible to those three, and to nobody else.

MONDAY, 17*th January* 1842.

Henry Williams Chisholm, Esq. further Examined.

H. W. Chisholm, Esq.

17 January 1842.

THE Commissioners wish to ask for an explanation of the mode in which, when the rate of interest was altered, that rate was altered upon the Bills that were outstanding?—The usual practice was for a notice to be issued from the Paymasters of Exchequer Bills, stating, in cases where the interest was increased, that on and after a certain day the interest on all Bills bearing such a rate of interest would be increased to a greater rate. In March 1840, for the March exchange, the Bills had been prepared at 1¾*d.*; but a few days before the exchange the Government wished to raise the interest, and there was not sufficient time to print fresh Bills, so by authority of a Treasury warrant a stamp was affixed on the Bills which had been prepared at 1¾*d.*, stating that the interest upon them was 2¼*d.*; this is the stamp which was used upon that occasion (*producing it*).

There was a previous occasion on which the rate of interest was raised twice; once in the month of September, and the other in the month of December; in what year was that?—In the year 1836.

Those Bills were in the market before the rate of interest was raised, were they not?—They were issued at 1½*d.* and raised afterwards to 2*d.*, and in December they were raised again to 2⅓*d.*

Were all those Bills twice brought back to be sealed?—No; those Bills were not sealed at all.

Then the process is not to call in the Bills for stamping if they are in the middle of the half-year or year, but it was only on that one occasion in 1840, when you were issuing new Bills, that it was done?—Yes.

They having been prepared at one rate of interest, and the rate of interest raised?—Yes; but there was one occasion when Bills were called in to be stamped, in 1840. A short time before the March exchange, Bills had been issued to the Bank of England to the amount of a million; they were issued at 1¾*d.*; by notice from the Paymasters of Exchequer Bills, the interest on those Bills was raised to 2¼*d.* on and after the 16th of March 1840.

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When was that notice?—The notice was dated the 6th of March 1840; but in the autumn, the Bank of England wished to have those Bills stamped like the rest of the Bills which had been issued for the exchange; in consequence of this, by a Treasury warrant, which I hold in my hand, dated the 9th of September 1840, the Bills were delivered by the Bank of England to the Paymasters of Exchequer Bills, and by them brought to the Issuing Office and stamped.

As long as they were in the Bank coffers they did not care whether they were stamped or not; but when they wanted to sell them, they wished to have them stamped?—Yes; that was the only occasion on which Bills which had been issued were brought back to be stamped.

In the year 1836, on the occasion of the two rises in that year, they were not brought back again at all, but the superior rate of interest depended on the notice given in the public papers?—Yes.

Was there any change of interest in the autumn of 1839?—No, there was not.

What was the amount of interest then on Bills?—One penny three farthings.

On what issue was that?—The June issue and the March issue both bore the same interest of 1 ¾ *d.*

Those Bills in September 1840 were stamped in the Issuing Office, were they?—Yes.

By Mr. Smith?—Yes.

Had he the custody of the stamps?—Yes; they remained in the upper part of the cupboard in his room, from whence I have just taken them; this is a record of the transaction (*producing it*).

You state, that in 1839 the rate of interest on Exchequer Bills was 1 ¾ *d.*; at what date prior to that were the Bills running at 1 ½ *d.*?—Bills were at 1 ½ *d.* from 1829 to June 1836; the June exchange in 1836 was the last time at which they were issued at that rate; they were raised a halfpenny in September, and a halfpenny in December.

From 1829 to 1836 they were running at 1 ½ *d.*?—Yes.

Was there any other instance than that of September 1840 where a stamp was used to alter the rate of interest?—The Bills issued for the September exchange in 1836 were stamped in the same way.

How were they stamped?—In a similar way, by a stamp which we have.

At that period Bills were exchanged at the end of the year, as well as in March and June, were they not?—Yes; in 1836 there was a December exchange; there was no March exchange in that year.

The rate of interest was altered in September?—Yes.

What was it raised to then?—From 1 ½ *d.* to 2 *d.*

Those were all stamped?—Yes; that stamp (*producing it*) was used for the September Bills of 1836, they having been prepared at 1 ½ *d.*

In what colour were they stamped?—The 1,000 *l.* Bills were stamped in red, and the other Bills were stamped in black.

Those are the only three instances you recollect: one, the instance previous to the March exchange of 1840; September 1840; and the September exchange in 1836?—Yes; there was no occasion to specify the date of the increase of interest on the stamp, except with respect to those Bills which had been issued previously, where there was no date mentioned. The Bills bore the higher interest, of course, from the time of issue. The stamp was used with a mallet for greater convenience and expedition.

You do not call in Bills to be stamped, but your general practice is to run on till the Bills are becoming due, then the new Bills are marked with a higher rate of interest?—Yes; when it is practicable, the new Bills have the higher rate of interest printed in; but there was not time on the occasions to which I have referred, and the higher rate was marked by a stamp.

The Commissioners have before them an account you have delivered of the number of Exchequer Bills printed and issued, and the quantity left: in the March Bills the unserviceable ones amounted to 378; how much of that unserviceable surplus now remains in the office?—None.

Of the June Bills of 1840, of which there was an unserviceable quantity of 480, how many remain in the office?—None.

There were none found?—No.

Do you know whether they were destroyed, or what became of them?—I do not; I frequently destroyed overplus Bills under Mr. Smith's direction, when we have had a number to destroy.

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By burning or tearing them, or how?—Sometimes by burning them, and sometimes tearing them.

Do you recollect having destroyed any Bills of those dates?—I do not. I do not recollect at all when the last were destroyed; but I am pretty certain I have not destroyed any of March or June of the last year.

Do you recollect when you have destroyed any?—No, I do not.

You have kept no register of those destroyed?—No.

Do you destroy them by yourself, or with another person present?—I never destroyed them but by Mr. Smith's direction, and then we were all three together.

Have you destroyed any since 1836?—Yes, certainly.

Do you think you have destroyed any since the beginning of 1841?—I do not think I have; I am almost sure I have not.

Did you destroy any in the course of 1840?—I very likely may have done so, but my memory does not serve me.

You would not have taken upon yourself to have commenced the destruction of those surplus Bills?—Certainly not.

You considered yourself so entirely under the orders of Mr. Smith, that you never considered yourself at liberty to do so without its going through him?—No, certainly not.

Mr. Smith was always personally present during the time of urgent business?—Always.

You invariably received your orders from him, as the head of your office, during his superintendence?—Yes.

You had a vacation last year?—I had.

When did you leave town?—On the 10th of September.

When did you return?—On Saturday, the 29th of October.

That was at the end of the week in which Mr. Smith was taken into custody?—It was.

WEDNESDAY, 19*th January* 1842.

Charles Waterfield, Esq. Examined.

C. Waterfield, Esq.

19 January 1842.

YOU are chief clerk in the Paymasters'-office?—I am.

Your chief occupation in the Paymasters'-office is confined to the periods of payment of Bills?—Our chief occupation.

Then, for a period, your employment is very laborious?—I should say it is.

In what are you engaged in the other parts of the year?—Of late years there have been but two payments in the year; formerly there were four, and I think a slight payment gave us as much trouble as a heavy issue, so that of late our labour in that respect has been decreased one-half; but twelve years ago we perhaps had not to prepare twelve accounts in the course of the year, but of late years the Treasury and Parliament have called for a great number of accounts, and I think the Irish public works have caused a great deal more labour, especially to our accountant; but in the office the business is very slight at any time except the payments, unless when there is funding. Frequently during payment time I have been there till nine at night; and during this examination of the Bills, on account of the funding being on at the same time, I was in attendance from eight in the morning till nine at night.

If a payment took place half-yearly it would be attended with additional trouble, but not such trouble that it could not be undertaken by your office?—Just so. I should say that the accountant, Mr. Wood, who is answerable for all the accounts made out (and accounts are constantly called for from the Treasury) has a great deal of occupation at all times; indeed, I know that Mr. Wood is very averse to going away even for his month; I think he has frequently not gone away, lest accounts should be called for in his absence. Those matters fell upon me when I was lower down in the office: since there have been but two payments in the year, for nine months of the year we junior clerks have been almost unoccupied.

Two payments and two exchanges would, in point of fact, give only moderate occupation to the clerks in the office?—Yes, and that only for the time that they

they occurred. It has been suggested, and talked over more than once, the employment of extra clerks for the time; but the Bank grumbled very much at our making even nine or ten days, consequently it was altered to six or seven, but it would take as many months to get extra clerks into the work: it requires a very quick eye: when we know it, nothing can be more simple.

Does your other business require any great communication with the Treasury? —I should say that our accountant is in constant communication with the Treasury; we have to prepare quarterly accounts of all payments and all outstanding Bills.

Is that more than perhaps once a day, at a fixed hour of the day?—No, probably an account is never called for in that hurried manner which requires it to be made out the same day. There was one circumstance occurred some years ago which has constantly returned to my mind during this affair of Mr. Smith's; I think it was at the time that Mr. Herries was either Chancellor of the Exchequer or one of the Secretaries of the Treasury; it was just before we came to Whitehall Yard. An account was sent for, "What means have you of detecting a forged Exchequer Bill?" We were told it was in consequence of a communication from the French government. It has returned to me because so many Frenchmen have been mixed up with this. To know what means we had of detecting a forged Exchequer Bill, I drew up a paper which I gave to our Paymasters, and to this day I have never had any notice taken of it; and they sent in merely, I believe, a copy of the common instructions to the office. I do not wish to praise my own paper, but I certainly did think that there was something respecting the safety of the Bills which was important.

Have you a copy of that paper with you?—I have. (*Producing it. The same was read.*) There was a circumstance occurred, I think at Cockburn's house: a clerk intended to make off with, among other securities, some Exchequer Bills; he came down to our office and demanded prompt payment for two of 1,000 *l.*: a clerk who had been in our office only two days, said he never heard of prompt payment; and he left the Bills in our office and bolted without them. But for that want of knowledge in our clerk, he would have obtained the payment.

Prompt payment is very uncommon, except in such a case as the panic of 1825? —Yes, but I do not think that there is a certainty of what would have become of those, supposing Mr. Smith had preserved some of these forged Bills.

Would not the examination of the counterfoils have checked that?—Yes, but the counterfoils of the old Bills, I apprehend, are destroyed: suppose a man gives in the forged Bills, and gets them paid regularly, and then three years afterwards brings in the genuine Bills. When Lord Monteagle stated that he intended to apply to the Treasury to cancel all the counterfoils up to a certain period, I suggested that they ought not to be cancelled as long as any Bill was outstanding.

In whose custody are the counterfoils in your office?—They are constantly in the custody of the Register clerks.

Who keeps the key?—They are in the cupboard or box in the inner room; those keys are locked up in a cupboard to which there are two keys, one in the custody of the accountant, and one in the custody of that clerk in the office whom it is considered necessary should be there to open the door.

Are those wooden boxes and wooden cupboards?—Yes.

There is no precaution against fire in the care of those counterfoils necessary for the protection of the public?—No.

Do you mean that there are three locks?—No, one lock with three keys.

Do you recollect about the date when you wrote that paper you have produced?—I have no doubt the date could be furnished from our books from a copy of the instructions.

Was the attention of the Paymasters'-office called to the possibility of forgery by any official letter from the Treasury?—It is some time ago, but I think it was when we kept what are called red-letter days at the Exchequer, which were holidays, there was a letter from the Treasury, with the name of Mr. Herries in the corner; I opened it in the absence of the Paymaster; whether it was an official communication or a private official communication I cannot say.

Would that letter be on your minute-book?—I think it would be; I remember there was a copy of the instructions to our office sent.

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The practice with regard to the counterfoils has been to send them just in time to allow you to have them before the exchange?—I believe so.

Though they were not used in the process of exchange?—Yes; it was considered when we had possession of the March counterfoils that we had them unnecessarily early.

They remained in the custody of this office till just previous to the time of the exchange?—I think so; but I believe in the old Exchequer they were kept in one room, and that it is an unknown point now whether the keys were kept by Mr. Smith's office, or by the Paymasters'-office.

There were three parties who had access to that room, the Auditor, the Tellers, and the Clerk of the Pells, were there not?—Yes, but we were then more under one building; I think they were moved up, but not till close on the payment.

From practical knowledge of the business of Exchequer Bill exchanges, you would think it would be more proper and safer if the counterfoils were immediately sent from the office which issues the Exchequer Bills to the office in which they are to be paid?—I think so; I should say that when the counterfoils and the Bills were prepared, when they were brought before Lord Monteagle to be signed, it would have been safer that neither the Bills nor the counterfoils should have gone back into the hands of the party preparing them, and I think there ought to be an initial to the counterfoil.

You think it would be safer to transmit them immediately to your office, which is the official office, for the security of the public?—Certainly; but if the holder of the Exchequer Bills must be satisfied with the increased safety, he must give us increased time for the dispatch of business; the comparison of the counterfoils at the payment would take us three weeks if all were compared, unless a very different mode was adopted; I took the liberty of suggesting a mode to Lord Monteagle, which might apply to a general payment, to throw all the Bills together *en masse*, and then of course the Bills coming so rapidly one after another in their regular course, the comparison might be conducted with the same accuracy but greater dispatch; but Lord Monteagle was anxious that the Bills should not pass out of the custody of the parties. When we heard of the forgery, Mr. Wood and myself came down, it took about three hours to compare about 2,000,000*l.* of Exchequer Bills; if that method was adopted at the payment, it would not take quite the time our Paymasters suppose.

You have now six days allowed you?—We generally contrive to take six days, so as to secure a Sunday if necessary to work upon it.

How are the six days employed?—The advertisement is got out, and upon that appearing at the Stock Exchange and in the public papers, we receive Bills for exchange; we receive them for about three weeks from time to time; as they come in they are cancelled by the Paymasters, and being cancelled, they pass up into the public office, where the Register clerks ascertain the amount from the Bills, and indorse the amount on the back of the list, with the name of the claimant.

The list you allude to is the list sent in by the holders of Exchequer Bills prepared by them?—Yes, or frequently by us, because they do not know how to do it; they then pass into the hands of the junior journal clerk, who ascertains that the number entered in the list corresponds with the Bills; that they are of such an amount, and such a date, and such a supply; then they come to the chief journal clerk, now myself, and I calculate the interest upon that amount and place it outside the list, and then pass it to the chief clerk, who checks my calculation of interest, and beyond that no step can be taken with them until we have got all the Bills in from the public; then on the last day after they have been all got in from the public they are arranged alphabetically; we can do all this as they come in.

This is previous to the commencement of the six days you take?—Yes, but we are hard pressed to get through this in six days.

The *masse* come in probably on the last day?—Yes, they do, and of course until we have them all before us, and they are alphabetically arranged, and then numbered in their order from the list from 1 up to 250, there being generally that number, the register cannot go on, because they take the numbers on the register all those Bills under List 1; but they have contrived of late years to get on a little by getting Coutts and other bankers with large accounts to bring in part of their Bills previous to the last day, and register them under their name,

and

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and then insert a number to their list; but I could register and get through about 2,000,000 *l.* in half a day by hard work.

There is a claim of the party made out and delivered in; then there is your checking, and then a third checking?—Yes, and then a check by the accountant, taking the whole together.

Is that checking necessary if you and the accountant agree?—I think not, for our accountant, who is an excellent accountant, and very quick, checks again; he knows what Bills come in, and he sees whether the amount in the journal agrees with them; if it agrees to a halfpenny, he knows it is right.

The bankers send in the list in their own names, and not the names of their customers, do they?—I think they do generally in their own names; Hoare's generally make a request to have a duplicate parcel, I suppose for some reason; the bank send in 30 or 40 parcels, but all in the name of Marshall; but the whole business of the Exchequer would be very much altered by the comparison of the counterfoils; the registry must be quite differently arranged altogether; if you compare each Bill with the counterfoil you will not require the register as a check to bring a forged Bill and a good Bill together.

You will get rid of part of the old process?—Yes; then in the cutting the counterfoils they ought to be waved.

You ought to have some more distinguishing marks than you have now?—Yes; and if the counterfoil had a signature upon it or initials, it would be known that it had been put before the Comptroller for signature.

Charles F. Glanville, Esq. Examined.

C. F. Glanville, Esq.

YOU are third clerk in the Paymasters'-office?—I am.

Have you been in the habit of receiving Bills which come in for exchange?—They come through my hands as Register clerk.

Are not the names of the parties bringing those Bills in, indorsed by the supposed holder?—Yes.

Therefore every Bill can be identified by the banker or other persons sending it in, by his signature?—Yes.

That is done previous to their being delivered to you?—Yes; if that be done before they are brought, or if it be done in our office, we never let a gentleman go out until he has indorsed every Bill.

Have you your register with you?—This is it; and this is the journal kept by the Journal clerk (*producing them*).

[*The same were inspected by the Commissioners.*]

The lists contain the names of the persons who present them?—Yes; we put the numbers on the lists.

When a parcel of Bills comes into the office, what is the first process?—They are brought to the office, then we see that they are indorsed, and that they correspond with the list the party makes out at our office, they then go down to the Paymasters'-office.

They use a particular form?—Yes; then they go to the Paymasters'-office with a memorandum of the claim, which claim the Paymaster signs, the claim of the party holding the Bills, and when he presents that claim he receives his principal and interest; the Paymaster then cancels the Bills. It is my business to put the description at the top of the list, the name of the holder and the amount, it is then handed over to the Journal clerk, who checks it and puts in the interest; it is then handed over to the Check clerk, who checks it and numbers it.

The Bills are cancelled by the Paymaster previous to your examination?—They are examined in our office first; they must bring them to our office with their lists.

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Do you enter them into a book?—No; we see that the account agrees.

The Bills themselves are cancelled before their examination with any book in your office?—Yes; this is the list the parties make out (*producing the same*), and that is the claim we give to the party (*producing the same*); I indorse this list in the first instance, then it goes to the Journal clerk.

When do you form your register?—Immediately after.

Not from the Bills themselves?—No, from the accounts of the Issuing Office; we have no time to do that, for the book is not delivered to us till three o'clock, and we have to deliver them the next morning at ten.

Would it not be more satisfactory if that were done from the Bills?—The public would not like to wait.

You have no document in your office itself that is actually made from the Bills that are given to the public?—No, not actually from the Bills, merely from the document we have from the Issuing Office.

The same party brings in Bills on different days?—Yes, that is constantly the case.

Suppose you had to deliver 50 Supply Bills to the Bank of England, would you make any entry of the 50 Bills you gave in exchange before you delivered them to the Bank of England?—They are entered in the journal, but the new Bills delivered instead of the old Bills are not figured up in the register.

You could tell from this book every Bill you delivered to Mr. Marshall, for instance?—Yes; there is a book in which we take down the numbers before we deliver them.

That is taken from the Bills themselves?—No, from a ticket we have from the Issuing Office.

When is that ticket brought in to you?—That is sent to us the day previous; we do not receive it till late in the afternoon.

When are the entries in the last book made?—They are taken from a label sent from the Issuing Office.

Then if you can enter them from the label before they are delivered, why cannot you enter them from the Bills themselves?—With so many holders, we should detain the public a fortnight if we had to take the number from each Bill with running numbers.

You do issue running numbers to the great majority of holders?—Yes.

The question is confined to the issuing; what difficulty would there be, instead of keeping this book as it is now, to bring the Bills about to be issued in to the register at once?—It would take a great deal of time.

As regards the Bills you give to the public in exchange, you do not take the numbers from the Bills themselves?—No, from the labels.

Why does it take more time in taking the numbers from the labels than it would do in taking them from the Bills themselves?—They give us so many 1,000 *l.* Bills, so many 100 *l.*, and so on; the parties come in, we apportion these off; the label gives us only the gross amount.

You have no list, before your delivery, of the number delivered to each party?.—On the day previous to the issuing of the new Bills we come into the Issuing Office and count over the Bills and see whether there is a correct amount, then they give us a label stating so many of 1,000 *l.*, so many of 500 *l.*, so many of 200 *l.*, and so many of 100 *l.*; they are then brought into our office, and according to the parties we apportion them off, calling the names alphabetically.

You give 10,000 *l.* worth of Bills to one party, and 500 *l.* to another?—Yes.

In what book is that delivery entered?—In the list-book.

Does that list-book contain the numbers?—Yes; then from this label, on the following day, is figured up the register which corresponds with the amount.

Having this register prepared in this way, supposing Coutts's sent in twenty 1,000 *l.* Bills, what difficulty would there be in entering here the number delivered to Coutts & Company?—We have no time to do that; this (*producing it*) is the list-book, and this (*producing it*) is a label.

Who keeps this book?—Mr. Pollard.

Who

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Who actually delivers the Bills to the parties?—Mr. Nevinson or Mr. Latham.

From whence does Mr. Pollard get the numbers?—He gets them from the label.

Does this book go to the Paymaster? is it before the Paymaster when he delivers out the Bills?—No.

Does the Paymaster actually see that entry?—No; he delivers out the Bills, and makes every person count the Bills before he leaves, and see that the Bills are right.

What is there to prevent his delivering out thirty-six instead of thirty-two?—Because we divide the Bills, and apportion them to each holder.

Are there names put on each parcel?—Yes, with a label.

Who does that?—Three of the clerks and Mr. Wood; Mr. Wood counts the Bills over.

He would mark No. 1 to 32 to Andrews; and No. 33 to Allnutt?—Yes.

This book is made out by Mr. Pollard, on the supposition that they have been delivered according to those numbers?—It is made out previous to the delivery.

Has Mr. Wood this book before him to see that the Bills are apportioned out to the persons according to it?—After the account is entered in this book the book is read off against each parcel in Mr. Wood's presence, and compared with the amount of the Bills of each holder.

After Mr. Wood has so separated them, and labelled them off, what becomes of the Bills?—They are then locked up in the iron chest of the Paymaster.

Who takes them there?—Mr. Wood and three of the clerks; it takes three or four of us to take them down.

Mr. Wood is present during the whole transfer?—Yes; they are delivered to the Paymaster, with their labels, and the Paymaster locks them up.

You have no other register but this of the Bills delivered out?—No, nothing but this.

In what custody are the Bills from the time they come in, with this label attached to them, to the time they are divided off into parcels?—They are in the custody of Mr. Wood and three of the clerks, who divide them that same afternoon, then Mr. Wood locks them up in our presence; they come in at two or three o'clock.

In what way are they brought into your office?—In boxes, locked up.

The Paymasters have a key of those boxes?—Yes; there is one key here and the other there.

THURSDAY, 20*th January* 1842.

John Henry Latham, Esq. Examined.

J. H. Latham, Esq.

20 January 1842.

YOU are one of the Paymasters of Exchequer Bills?—I am.

You have been Paymaster of Exchequer Bills for a considerable number of years?—Since the year 1824.

You are well conversant with the duties of the office?—Yes.

Will you state by what rule the counterfoils have been sent from hence to your office?—Prior to the alteration of the Exchequer, as it existed in Palace-yard, I can hardly give the information without reference to documents in our office; because they were then kept as it were simultaneously by the Auditors of the Exchequer and ourselves: they were not transferred from the custody of one party to the custody of the other, but we each had access to them when necessary, being in the same building. I have no recollection, myself, that the counterfoils were brought to us from the Auditors' department, or that we had ever

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ever individual possession of them: the Exchequer and the Exchequer Bill Office being in the same building, my impression is, that the counterfoils were always in one place, and that either the Tellers, the Auditors, or ourselves had access to them in that place.

And the Clerk of the Pells?—And the Clerk of the Pells as well.

When that office was transferred to this building, how was the practice then?—The practice was that the counterfoils remained with the Comptroller-general, with the exception of the counterfoils of those Bills that were actually in circulation, and those counterfoils were sent to us; but the Paymasters were not in the habit of giving any acknowledgment or receipt for such delivery of the counterfoils, nor do I remember ever to have received, or to have seen any memorandum from the Comptroller-general of their having been re-sent to him; in short, they were so little used or referred to, if ever, that we knew little about the counterfoils.

Were they kept in any particular custody in your department?—They were kept in the custody of the Accountant, but merely for this reason, because his room was filled with very large presses; our room had no presses, and therefore it was thought advisable to put the counterfoils into the presses, where they were provided, and those presses had two keys; one of those keys was kept by a clerk, and the other key by the Accountant, and they were deposited in a drawer that was invariably locked in the public office. The Paymasters had no key to them; they were in the custody of the Accountant.

Was any use ever made of the counterfoils?—Yes, at times when there was anything that threw either doubt or ambiguity or suspicion upon a Bill, then of course we immediately referred to the counterfoils to compare them.

Do you recollect a letter being addressed to the Paymasters'-office in the year 1834, by Sir John Newport or Mr. Eden, on the subject of the counterfoils?—I think I do recollect that there was a communication of that sort, as to the custody of them, but more than recollecting it generally, I do not at this moment.

You do not recollect anything being done upon that in the year 1834?—I think I recollect that certain boxes containing counterfoils were sent to us, but of that I am not certain; I think it was in October 1834; I must have been in attendance at that time.

The purport of the letter was to draw the attention of the Paymasters to the Act of George the 3d, to that particular clause in which directions were given as to the use of the counterfoils, and begging that if the counterfoils were not used as was intended by the Act, that you would report that it was not necessary, and move the Treasury to have the Act altered?—I never could have advised that.

Did you do any act upon that representation?—I could tell that by referring to the warrant-book. (*The Witness referred to the warrant-book.*) I find a letter from Mr. Eden, of the 6th of November, and that on the 7th of November a letter was written by the Paymasters to Mr. Eden, in answer thereto: "We have to acknowledge the receipt of your letter of the 6th instant, calling our attention to 48 Geo. 3, cap. 1, sec. 7, whereby it is enacted, that the custody of the checks, indents, and counterfoils of all Exchequer Bills should be with the Paymasters until such Bills shall have been paid off or discharged, and the account thereof audited and allowed. We beg to state to you, for the information of the Comptroller-general, that we are prepared to receive such counterfoils, &c. as may be now the checks of Bills not yet paid or discharged, as also from time to time the counterfoils of all other Bills on the issuing of the same."

Did that close the correspondence?—No. Then there was a letter upon the 11th, from Mr. Eden. He says: "I have received your letter dated the 7th instant, and I herewith deliver to you the keys of the presses which contain the counterparts of the Exchequer Bills remaining uncancelled at this present date, together with the keys of the room in which the presses are placed." And then we acknowledged the receipt of the keys, and that closed the correspondence.

Where were those presses?—We were then in Palace-yard; they were in the same building, and we both had access to them.

Was

Was it in a room or in passages?—I have not the smallest idea where the presses were; I never saw them, because we have a separate staircase.

Since that, you are not aware of anything having passed between the Comptroller-general and the Paymasters of Exchequer Bills respecting the delivery over of the counterfoils?—Nothing until recently.

They have not been formally transmitted with a letter, but only handed over as convenience required?—I really cannot give any information about it; whether a letter has accompanied them, or not, I do not know.

The Paymasters personally have not interfered?—Not at all. I think, during the whole time I have been in the Exchequer, I have not had my attention called to the counterfoils half-a-dozen times, either for comparing Bills with them, or for any other purpose.

When an exchange of Bills takes place, there is no regular examination with the counterfoils?—Never.

It is never thought of?—Never; for instance, about two years ago there was an inquiry made at the Treasury, whether it would not be practicable to reduce the number of days that the Paymasters required for the exchange, and we were desired to endeavour as much as possible to meet the view of the soliciting party to curtail the time, as difficulty was experienced by persons who sometimes raised money upon those Bills being so long out of their security, and we took great trouble to reduce the time, and we did reduce it a day or two; and we were told to make every possible exertion, and that if the assistance of additional clerks would promote it we might have them; but it would not have done so, because it would be more difficult to teach strangers than to do it ourselves. Now the mere comparison of 18,000 or 20,000 Bills with the counterfoils, so minutely as they must be compared to make the counterfoil correspond, would have occupied ten days, when we did the whole payment in five or six.

The whole of the Supply Bills issued to the public are issued through your office?—The whole of the Supply Bills issued in exchange for old Bills.

Those are all that go to the public, are they not?—I do not know whether they are all that go to the public; when an issue of Bills takes place on the part of the Government (for instance, suppose the Government has a vote for an issue of one or two millions of Bills), those Bills would be Supply Bills, but they would not go through our office.

They all go either to the Paymasters or to the Bank of England?—Precisely so.

Did you take any part in the examination of the Bills during the late investigation?—Yes, I superintended a good deal of it in the Comptroller's Office; I happened to be here a good deal, and I took the management of that part of the business which fell to the Paymasters. Mr. Nevinson remained in our room to conduct the ordinary business of our establishment, and I undertook running about to and fro to superintend the examination going on.

Had you an opportunity of seeing how long it took to examine a million of Bills?—I think it took an enormous time, more than was necessary.

How long?—I cannot say; it was a new thing altogether for the office that undertook it. Lord Monteagle directed that only one person should be admitted to have his Bills examined at once; now it might so happen that that person had only 1,000*l.* Bills to examine, consequently, there were six or eight gentlemen employed in examining the counterfoils, two with the counterfoils of 1,000*l.* Bills, two with the 500*l.* Bills, and so on; so that if there were nothing but 1,000*l.* Bills to be examined, of course only two were employed in examining those Bills, and all the other gentlemen in the room were standing round the fire doing nothing.

That arose from having only one party examining at a time, but if you examined for the public at the exchange that would not occur?—No, it would be done much quicker, but there was extreme caution in instituting this examination.

What number of days do you allow now for the exchange?—Suppose we were to take the last Bills in on a Friday, I think we should deliver the new Bills on

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on the following Thursday; I think we take six days, and we cannot do it in less with any comfort and accuracy. There is a great deal to be done; there are various checks to be gone through.

Then the making the exchange is fixed by the Treasury, in communication with you?—There is a regular advertisement which emanates from our office, and that advertisement is submitted to the Treasury for their approval, and we propose in the advertisement, in pencil, that the last day for receiving Exchequer Bills from the public shall be such a day, and that the day for delivering the new Bills, with interest, to the public, shall be such a day; and if they shall see no objection to our suggestion, that is adopted and passed to the Gazette Office and the different newspapers.

You do not allow 365 days precisely, but some number of days that will lead to less difficulty in calculating?—Exactly so; it facilitates the operation, both to the public and to ourselves, materially, and creates less error; otherwise, if a person comes to the office, and has calculated his interest, and he has made a mistake in his calculation, it perplexes him extremely to rectify it in our room, and the more it can be simplified the better.

LIST

LIST of APPENDIX to the REPORT of the COMMISSIONERS appointed by Her MAJESTY'S Royal Warrant to inquire into the mode of Making out and issuing EXCHEQUER BILLS, chronologically arranged :—

No.	Year.	
1.	1696	-- Extract from the Act of 8 Will. 3, c. 6, authorizing for the first time the Issue of Exchequer Bills - - - - - - - - - - - - - p. 105
2.	„	-- Copy of Treasury Warrant for the Issue of Exchequer Bills, dated the 16th July 1696 - - - - - - - - - - - - - - - p. 105
3.	1697	-- Copy of a similar Treasury Warrant, dated 26th April 1697 - - - - p. 106
4.	„	-- Extract from Treasury Minute, directing Exchequer Bills to be compared with the Counterfoil, dated 28th May 1697 - - - - - - - - - p. 107
5.	„	-- Letter from the Treasury to the Auditor of the Exchequer, relative to the Plates from which Exchequer Bills were engraven, dated 6th November 1697 - p. 107
6.	„	-- Extract from Treasury Minute respecting the Falsification of Exchequer Bills, dated 20th Nov. 1697 - - - - - - - - - - - p. 107
7.	1698	-- Copy of Treasury Warrant, directing Exchequer Bills to be proved by comparison with the Counterparts, dated 26th June 1698 - - - - - - p. 108
8.	„	-- Extract from a Manuscript found in the Office of the Auditor of the Exchequer relative to Exchequer Bills - - - - - - - - - - p. 108
9.	1713	-- Copy of Treasury Warrant for the Issue of Exchequer Bills, &c. dated 17th July 1713 - - - - - - - - - - - - - - p. 109
10.	1745	-- Copy of Treasury Warrant for cancelling of Exchequer Bills, and for their comparison before hand with the Counterfoils, &c. dated 18th March 1745 - - p. 110
11.	1782	-- Extract from the 6th Report of Commissioners on Public Accounts respecting Exchequer Bills, dated 9th February 1782 - - - - - - - p. 111
12.	1797	-- Extract from the 22d Report of Committee on Finance respecting the Office for issuing Exchequer Bills in 1797 - - - - - - - - - - p. 111
13.	1806	-- Copy of Correspondence between Mr. Fisher, Chief Clerk to the Auditor of the Exchequer, and Mr. Cracroft, Clerk in the Department for issuing Exchequer Bills, dated 18th and 20th August 1806 - - - - - - - - - - p. 111
14.	1807	-- Copy of Correspondence between the same Parties relative to the Destruction of Exchequer Bills, dated 30th April and 9th May 1807 - - - - - - p. 112
15.	1808	-- Copy of a Statement from Mr. Cracroft to Lord Grenville, Auditor of the Exchequer, relative to the mode of preparing Exchequer Bills in 1808 - - - p. 113
16.	1818	-- Copy of Regulations established by Lord Grenville for the conduct of the Business of his Office of Auditor of the Exchequer, dated 27th May 1818 - - - - p. 114
17.	1823	-- Extract from a Report made by the Principal Officers of the Exchequer relative to Exchequer Bill Paper, dated 28th July 1823 - - - - - - - - p. 114
18.	„	-- Copy of a Letter from Mr. Bedford, Chief Clerk to the Auditor of the Exchequer, to Mr. Street, Exchequer Bill Paper Manufacturer, respecting the Moulds from which the Paper was made, dated 22d August 1823 - - - - - - - - p. 115
19.	„	-- Copy of Correspondence with Lord Grenville, Auditor of the Exchequer, Mr. Bedford, and the Treasury, relative to the Abstraction of three Exchequer Bills from the Office, dated respectively 26th and 29th September 1823 - - - - - - p. 115
20.	„	-- Extract from a Letter from Lord Grenville to Mr. Bedford, directing him to call upon Mr. Cracroft, the Senior Clerk in the Exchequer Bill Office, for a Report as to his Department, dated 14th October 1823 - - - - - - - - - p. 116
21.	„	-- Copy of a Letter from Mr. Bedford to Lord Grenville, with a Report from Mr. Cracroft, containing Suggestions for the greater Security of Exchequer Bills, &c., dated respectively 1st and 4th December 1823 - - - - - - - - p. 117
22.	„	-- Copy of Regulations made by Lord Grenville for the better security of Exchequer Bills, dated 16th December 1823 - - - - - - - - - p. 118
23.	1824	-- Copy of Correspondence between Lord Grenville and the Treasury relative to Exchequer Bill Paper, &c., dated respectively 5th January and 26th July 1824, p. 119
24.	„	-- Copy of Correspondence of Mr. Bedford and Lord Grenville with the Treasury respecting a Forgery committed by John Tompkins, dated respectively the 28th May, the 31st July, and the 10th August 1824 - - - - - - - - p. 119

List of Appendix—*continued.*

No.	Year.	
25.	1829	- - Copy of the Instructions, &c. issued by the Treasury to the Paymasters of Exchequer Bills for their guidance, dated 1st June 1829 - - - - - - - p. 122.
26.	1830	- - Copy of Statement made by Mr. Bedford to the Commissioners of Public Accounts relative to the duties of the Auditor's Department for making out and issuing Exchequer Bills, dated 15th October 1830 - - - - - - - - - - p. 124
27.	1833	- - Copy of Correspondence, &c. between Lord Grenville and Mr. Bedford relative to the engraving of Plates for, and the printing of, Exchequer Bills, dated respectively the 28th and 30th August; and the 9th, 11th, and 18th September 1833 - - p. 125
28.	1834	- - Copy of Memorandum written by Mr. Beaumont Smith, Senior Clerk in the Exchequer Bill Office, respecting the Preparation, &c. of Exchequer Bills, with Suggestions for the better Security of them, dated in 1834 - - - - - p. 129
29.	„	- - Extract from Treasury Minute issued for the Regulation of the Office of Comptroller-General of the Exchequer, after the passing of the Act of 4 & 5 Will. 4, c. 15, respecting the Exchequer Bill Department, dated 19th September 1834 - - - p. 132
30.	„	- - Copy of Correspondence between the Comptroller-General's Office and the Office of Paymasters of Exchequer Bills, respecting the Custody of Counterfoils, dated respectively the 6th and 7th November 1834 - - - - - - - - p. 133
31.	1835	- - Copy of the Instructions issued by the Comptroller-General of the Exchequer to the Supervisor appointed to superintend the Manufacture of Exchequer Bill Paper, dated 3d June 1835 - - - - - - - - - - - - - p. 133
32.	1835	- - Copy of a Report made to the Treasury by the Comptroller-General of the Exchequer, in pursuance of the Treasury Minute of 19th September 1834, before alluded to, relative to the Exchequer Bill Department of his Office, dated 10th October 1835, p. 134
33.	1836	- - Copy of the Instructions issued from the Office of the Comptroller-General of the Exchequer to the Person employed to print Exchequer Bills, dated 18th August 1836, p. 135
34.	1840	- - Copy of Memorandum made by Mr. Waterfield, Chief Clerk in the Office of the Paymasters of Exchequer Bills, detailing the duties of the Paymasters' Office when the Exchequer Bills are taken there for exchange or payment, dated 2d March 1840, p. 135
35.	„	- - Copy of Correspondence between Lord Monteagle, Comptroller-General of the Exchequer and the Treasury, as to the necessity of early directions for the preparation of Exchequer Bills, in order to be ready for the several periodical Exchanges, dated respectively the 2d and 22d June 1840 - - - - - - - - p. 138

APPENDIX.

Appendix, No. 1.

Appendix, No. 1.

EXTRACT from first Act authorizing Issue of Exchequer Bills, 8 Will. 3, c. 6, 1696.

> And for the better and more speedy answering of the Supplies hereby granted, or that shall be granted for 1697, Be it Enacted, That it shall and may be lawful to and for the Commissioners of His Majesty's Treasury to cause Bills to be made out at the Receipt of the Exchequer, in such manner and form as they shall appoint, for any sum or sums of money not exceeding £.1,500,000, by virtue of this Act, and to issue the same to such uses of the War, and in such proportions as they shall think fit.

Bills to be current for all Aids and Supplies for 1697, except the Aids of 3 *s.* in £.1.
Receiver's Collectors to pay such Bills to bearer in milled money.
Receiver to have Talleys in exchange for such Bills.
Bills to be cancelled.
Bills may be paid at Exchequer out of Aids (except 3 *s.* aid).

Appendix, No. 2.

Appendix, No. 2.

COPY of Treasury Warrant, dated 16th July 1696.

After our hearty commendations. Whereas in and by an Act lately made and passed in Parliam^t^ in this behalf, you are requir'd (pursuant to such orders and directions as you should from time to time receive from us, and which we are thereby authoriz'd to issue), to make and prepare Indented Bills of Credit to be sign'd by y^r^ self, and seal'd with a publique Seal for such sums and in such manner as are therein menc̄oned, and (according to the like orders or directions) to deliver to the respective Tellers the Bills so made forth. Taking their receipts for ye same, and charging them respectively with the moneys wch should be conteyn'd in ye said Bills so deliver'd, which said Tellers respectively are thereby authoriz'd and requir'd, upon the advancing of any money to their hands by any person or psons upon the credit of any such Bills as is by the said Act prescribed, to deliver to such person or psons respectively, such Bill or Bills for ye same to the amount of the moneys so advanced in principall; and it is thereby further Enacted, that you shall cause to be kept a true account of all the Bills so by you made and prepar'd and delivered to the said Tellers, and that the said Tellers shall keep true accounts as well of the Bills wch they respectively shall receive and issue out, as also of the moneys wch they shall actually receive and pay in relac̄on to the said Bills pursuant to the said Act, as by the same (relac̄on being therevnto had) may more fully appeare. These are to pray and require you by vertue of the said Act forthwith to make and prepare indented Bills of Credit to be sign'd by your self and seal'd with the publique Seal for this purpose appointed, for ye full sum̄ of Forty thousand pounds, making every Bill to conteyn such a number of Pounds Sterling as shall be most convenient for ye accommodac̄on of those that are to accept the same, and to conteyn an allowance of Interest after the rate of three pence p diem for every One hundred pounds as the said Act allows, taking care that the counterpart of the said Bills (in a booke which you are to provide for this purpose) do remain for trying the truth of the original Bills whensoever there shall be occasion, and that you do forthwith deliver as many of the said Bills so made forth to each of the four Tellers as shall amount to Ten thousand pounds, taking their receipts for the same, and keeping an exact acco^t^ in ye nature of a comptrol, whereby you are to charge the said Tellers respectively wth ye moneys which shall be conteyned in ye said Bills so delivered by you to them, and you are to give in charge to the said Tellers, that they do also cause to be kept a true accompt of all ye Bills which they shall so receive from you, and of their issuing and delivering out the same, expressing therein the names of the several psons to whome they shall be delivered and ye times when, and another accompt of the money which they shall actually receive and pay in relac̄on to the said Bills pursuant to the said Act, and your self and the said Tellers are hereby strictly injoin'd and required in all matters and things touching the said Bills of Credit and the

Appendix, No. 2.

payments thereupon carefully to observe the prescriptions and directions of the said Act of Parliam^{t}; and to the end we may be better informed and satisfyed from time to time how the same are comply'd with, we do hereby direct you weekly on every Fryday to examine the said accompts of the said Tellers, and to make a distinct Certificate of their Receipts, Payments, Delivery or other doings in the p̄mises, separately from the Exchequ^{r}, for which this shall be your Warrant.

Whitehall, Treāry Chambers, the 16th day of July 1696.

Godolphin.
Chas Mountague.
J. Smith.
Tho. Littleton.

To Sr Robt Howard, K^{t} &c^{a}

Appendix, No. 3.

Appendix, No. 3.

COPY of TREASURY WARRANT for the Issue of Exchequer Bills, dated 26 April 1697.

AFTER our hearty commendations. Whereas by an Act of Parliament lately made, entituled, "An Act for granting an Aid to His Majesty, as well by a Land Tax as by sevrall Subsidys, and other Duties payable for one Year," we are authorized to cause Bills to be made forth at the receipt of the Exchequer in such manner and forme as we should appoint for any sum̄ or sum̄s of money, not exceeding 1,500,000*l.*, by vertue of that Act, and to issue the same to such uses of the Warr, and in such proporc̄ons as we shall think fitt, which Bills are to be current in all public payments, by vertue of the Act aforesaid, and of one other Act made in the last Session of Parliament, and of His Majesty's royall proclamac̄on issued in that behalfe; and the receivers, as they pay into the Exchequer any of the said Bills, are by the first-mentioned Act to have Tallys delivered to them in such manner as if they had paid money in specie, and the Bills are to be cancelled as in and by the said Acts of Parliament (amongst diverse other things relating to the said Bills) more fully appears. These are in pursuance of the power to us given by the said Acts of Parliament, and for the more regular and safe making, issuing, receiving back and cancelling the said Bills, from time to time, to direct, authorize and require: That the following rules, orders and instruc̄ons be observed by you and every of you herein concerned; (that is to say)

That you the Auditor of the receipt do cause indented Bills from time to time to be made forth (according to the forme hereby approved and herewith sent you) for such sum̄ and sum̄s of money as we or any three of us, or the High Treasurer, or any three or more of the Commissioners of his Majesty's Treasury for the time being, shall direct, by warrant, for the service of the Warr; and that you signe the said Bills, and cause them to be numbered, and also sealed or marked with a portcullis, which said Bills, by the last-menc̄oned Act, are to conteyne an allowance of interest after the rate of 5*d.* a day for every £.100, and that you keep in books (which you are to provide for this purpose) exact counterparts of the said Bills, as well for trying the truth thereof as for keeping an account of the sum̄s issued thereby, and that you do forthwith deliver over the said Bills so made forth to the four Tellers of his Majesty's Exchequer, or some or one of them, taking their receipt for the same: And you are to keep an exact account in the nature of a comptroll, whereby you are to charge the said Tellers respectively with the moneys which shall be conteyned in the Bills so by you delivered to them: And you are to give in charge to the said Tellers that they do also cause to be kept a true account of all the Bills which they shall so receive from you and of their issuing, delivering out and receiving back, paying and cancelling the same, according to the direcc̄ons of the sevrall Acts aforementioned: And yourselfe and the said Tellers are strictly enjoyned and required in all matters and things touching the said Bills to observe the prescripc̄ons and direcc̄ons of the said Acts of Parliament, and such further rules and methods as we or the High Treasurer or Commissioners of the Treasury for the time being shall find necessary for His Majesty's service; and to the end we may be the better informed and satisfyed how the same are complyed with, we do hereby direct you weekly, on every Fryday, to examine the said accounts of the said Tellers, and to make a distinct certificate of their receipts, payments and other doings relating to the issuing, receiving back and cancelling the said Bills, separately from the accounts of their other receipts and payments in the Exchequer. For which this shall be your warrant. Whitehall, Treasury Chambers, 26 April 1697.

(signed) *Ste. Fox.*
Cha. Montague.
J. Smith.
Tho. Littleton.

To Sr R. Howard, &c.

Appendix, No. 4.

EXTRACT from TREASURY MINUTE, dated 28th May 1697. Appendix, No. 4.

To Mr. Wardour and the Deputy Chamberlains, not to lock up any Exchequer Bills as cash till first compared with the counterfoil.

Appendix, No. 5.

COPY of LETTER from the Board of Treasury to the Auditor of the Exchequer, dated 6th November 1697. Appendix, No. 5.

Sir, Treasury, 6th Novr 1697.

THE Lords Commissioners of his Majesty's Treasury desire you to send Mr. Clayton to their Lordships, with the plates on which forms for the Exchequer Bills are engraven, that so the said plates may be sealed up and secured.

I am, &c.

(signed) *W. Lowndes.*

Sir Robt Howard, Auditor.

Appendix, No. 6.

EXTRACT of TREASURY MINUTE, dated 20th November 1697. Appendix, No. 6.

Kensington, 20th November 1697. Forenoon.

Present:

THE KING.

The Prince of Denmark.	Earl of Orford.
Abp. of Canterbury.	Mr. Chancellour.
Lord Chancellour.	Sir Stephen Fox.
D. Devonshire.	Mr. Smith.
D. Shrewsbury.	Sir Thomas Littleton.
Earl of Sunderland.	Mr. Pelham.
Earl of Dorset.	Mr. Attorney.
Earl of Portland.	Mr. Solicitor.
Earl of Romney.	

THE KING said he has appointed this meeting to be informed concerning the reports that are spread abroad of falsifying Exchequer Bills.

The minutes and reports are read.

The King observes, my Lords have taken a great deal of pains to inquire into this villany. That it appears against Knt and Burton very eminently; he should be sorry if a thing of this nature be not punished, having been obliged to tax the people greatly; if they be cheated at this rate, it will be very hard.

Lord Chancellor.—My Lords of the Treasury have fully represented this fact, and if there were no punishmt, it would have an ill effect. Disrepute to the Bills has been of great disadvantage, he fears other psons are guilty, and that my Lords will enquire further amongst the officers of the Exchequer, and offers that they be discharged and prosecuted as farr as the law will allow.

Mr. Chancellour.—We required security from Mr. Knight to make his account 30,000*l.* in tallys, and put another in his place under good security, and Mr. Tollet to be assistant. That Knight acquiesced, thõ my Lords could not revoke the patent. And as to Burton, we sent to ye Comrs of Excise who have great security, to take care of that receipt. But time is needful to transferr it. Thõ he were the hand to carry the mo to ye Exchequr, yet they are the receivers, and would take care of all the money and the accots; he reads the Commrs of Excise, p' entmt of 12th Novr. They thought it safer he should be used till a fit person should be appointed. As to a prosecucõn, we directed all those matters to be transmitted to Mr. Attorney, and he is considering how farr Knight & Burton can be prosecuted; in ye mean time their accots are making up.

Sr Stephen Fox.—Upon this failure of Mr. Knight, he was reqred to make up his accot. That he is about it. That he has known him 20ty years under as good a character till now as any, he has had many instances of it. That he has given security for him to even his accot; he desires Knight's petition to be continued Comptrollr of First Fruits and Xths may be read. He has been as usefull to ye King's service as any, instrumental in most returns to Flanders, particularly on Mault Ticquets; if he be prosecuted and removed from his accounts, the King will suffer. I can say nothing for this, but 'till now he never made the least slip.

Appendix, No. 6.

Sunderland.—Tis not likely this is the first fault, thō not discovered till now. The Treaſy has proceeded with great care and success in the discovery, he advises a prosecucōn, and that all others faulty be turned out. Incongruous to turn a man out of one place & put him in another.

Mr. Pelham.—We have done all in our power; glad your Ma^{ty} is satisfyd therein; have given a place of 500 *l.* a year to the discoverer, who deserves it, and shall be ready to incourage others.

Mr. Smith.—This is so foul, let it light on any, no favour to be shewd, it would be a cause of reflection to continue him. I had the mischiefe to have some of the Bills of my subscriptcōn used, therefore I desire that your Ma^{ty} will cause the strictest examinacōn, that if any be faulty they be punished.

Sir Stephen Fox.—I put my Bills into Knight's hands to dispose, he disposed them, my son and I had 8000 *l.*; his transacting Bills is nothing to them that must imploy somebody.

Sunderland.—If the warr had continued this would have destroyed credit; if these psons not prosecuted as farr as law will admit, there is no punishment for venturing to ruine a nacōn. But whether it should be now whilst on their acco^{ts} I cant tell.

Sr T. Littleton.—Every one agrees to the utmost severity against every one guilty, otherwise it would be said, great psons for great sinns escape. I am sure my Lords of ye Treāry are all of y^{r} mind, the fact is plainly proved upon them, they did good services in remittalls, well they might by the means of these Bills. We all agree they be prosecuted. But as to comitting Knight & Burton, we consider they are under great security, and are on their acco^{ts}. But if they be comitted as others, they will be bayld as others, and if they should not be forthcoming to the parl^{t}, it will be a justificacōn they were comitted, thō bayld.

The King.—I thinke one is obliged to the nacōn to have this punisht as severely as can be, my Lords have done all they can in this matter. It is justice I owe to the nacōn that has contributed so much. Orders that Knight and Burton be entirely turned out. That those active in ye discovery be rewarded, and that Mr. Attorney proceed according to the utmost severity of law.

Mr. Attorney.—Thinks this is not felony but a great misdemeanour; the evidence will be plain on Marriott, and heell be tryd next session. He has gotten the copys concerning Kn^{t} & Burton frō ye Treaſy, but has not yet had time to consider them fully, but believes there may be evidence enough to convict them, and proposes they be comitted.

Ld Chancellor.—Your Ma^{ty} resentm^{t} will appear to the world by comitting them on this hearing

The King speaks to my Lord Shrewsbury to cōmit Burton and Knight. The King orders the suspencōn of Mr. Palmer to be taken off, and that Mr. Peters be not admitted again.

Appendix, No. 7.

Appendix, No. 7.

COPY of TREASURY WARRANT, dated 28th June 1698.

AFTER our hearty commendations. WHEREAS it hath been represented to us, that several Exchequer Bills do appear to have been counterfeited, and that the discovery thereof hath been by proving them by the counterparts of the said Bills remaining in your office: These are, therefore, to authorize and require you to signify to the Four Tellers of the Receipt of His Majesty's Exchequer, that for the better discovery of and preventing the taking of any such Counterfeit Bills, they do not charge any Exchequer Bills until they have been first proved in your office; and for so doing this shall be your warrant. Cockpit, Treasury Chambers, 28th June 1698.

(signed) *Ste. Fox.*
Thos Littleton.
T. Pelham.

To our very loving friend
Sir Robt Howard, K^{t}.
Aud^{r} of the Rec^{t} of H. M. Exch^{r}.

Appendix, No. 8.

Appendix, No. 8. 9 Gugli: III.

EXTRACT from a MSS. in the Office of the Auditor of the Exchequer.

IN the year 1696, when the clipt money was become very troublesome and destructive to the trade of the nation, and a vast deal of it counterfeit, and there was a necessity of finding out some expedient to put credit upon a better foot, the Right honble. Charles Montagu, one of the Lords of the Treasury, recommended a method of credit, by making forth Exchequer Bills, called Bills of Credit.

Whereupon

Whereupon John Eyres, the most noted master of all the hands, especially the first that recommended round-hand in the great use it now is, was sent for to attend the Treasury, as likewise Mr. John Sturt, the onely person in the kingdom for engraving. Mr. Eyres made a script of the Bill, to be paid from time to time at the receipt of the Exchequer, which said script was delivered to Mr. Sturt, with directions to prepare a copper-plate, to contain six Bills to be exactly alike; and to prevent any abuse while the said work was in hand, Mr. John Pleydell was appointed to be surveyor of the cutting of the plate, who delivered the same every morning to Mr. Sturt, and lockt it up in the evening when he left off work, that no opportunity might be given to any ill-intentioned person to make any advantage, by taking off a proof, &c., for which attendance Mr. Pleydell received 5 *s.* p' diem. Appendix, No. 8.

The plate, when finished, was carryed to the Lords Commissioners of the Treasury, and being approved of by their Lordships, a warrant was signed by them, directing Mr. Robt Howard, the then Auditor of the Receipt of Exchequer, to prepare £. 1,500,000 in Bills, commonly called Exchequer Bills'. Upon which an apartment was provided in the Usher's house, then ——— Parker, Esq., for employing several bowling-presses and printers for that purpose.

Another apartment in the said house was for the book-binder, who was Benjamin Simpson, who received the sheets from Mr. Pleydell, Surveyor of the Press, for which he received five shillings p' diem.

The sheets were then bound into books of a proper size, and delivered to the Auditors 1st Clerk for making out Exchequer Bills, in which office there were two clerks, to wit, John Wilkinson and John Davenport, who numbered the Bills numerically, which were signed by the Auditor, then indented by the book-binder.

When the said Bills were to be disposed of, they were dated and sealed by a portcullis, and entered in a book for that purpose, at which time they were lodged with the Teller or Tellers of the Receipt of Exchequer; and (the Auditor) took a receipt, signed by the Teller or his deputy, and was deemed a proper discharge to the auditor by Act of Parliament.

Appendix, No. 9.

COPY of TREASURY WARRANT, dated 17 July 1713. Appendix, No. 9.

AFTER my hearty commendacons. Whereas, by an Act lately passed in Parliament for raising twelve hundred thousand pounds for publique uses, by circulating a farther sum in Exchequer Bills, I am authorized to cause Bills to be made forth at the receipt of the Exchequer, in such manner and forme as I should appoint, for any sum or sums of money not exceeding in principall money the said sum of twelve hundred thousand pounds for Her Ma^{ts} supply (over and above the Bills made forth, or to be made forth, by and in pursuance of severall former Acts of Parliam^{t} therein menc̄oned); and to issue the said Bills for such publique uses and services, to which the same are appropriated or applicable by the said Act, in such proporc̄ons as I shall direct and appoint; and it is thereby further enacted, That the Bills for the said sum̄s of twelve hundred thousand pounds shall severally bear an interest after the rate of two pence p' cent. p' diem, to be payable to the bearers thereof respectively, and shall be current in all publique payments, and shall be circulated by the Governours and Company of the Bank of England, at an allowance of three pounds p' cent. p' ann̄. in such manner as in and by the said Act relac̄on being thereunto had, may more fully and at large it doth and may appear. These are, therefore, in pursuance of the power to me given by the said Act of Parliament, and for the more regular safe making and issuing the said Bills from time to time, to direct, authorize and require, that the following Rules, Orders and Instrucc̄ons be observed by you and every of you herein concerned, that is to say, that you, the Auditor of the Receipt, do cause indented Bills from time to time to be made forth according to the form hereby approved and herewith sent you for such sum̄ and sum̄s of money not exceeding the said principall sum̄ of twelve hundred thousand pounds, as I or the High Treasurer, or any three or more of the Commissioners of Her Ma^{ts} Trēary for the time being shall direct by warrant for the services to which the same is appropriated or applicable by the said Act; and that you sign the said Bills, and cause them to be numbered, and alsoe sealed and marked with a portcullis; and that you cause books to be made of the cheques, indents or counterfoils, from which the said Exchequer Bills shall be cutt, as well for trying the truth thereof as for keeping an account of the sum̄s issued thereby, one part of which said books are to be kept in your office, and the other part to be delivered by you to the Governour and Company of the Bank of England (which they are to re-deliver when the said Bills shall be cancelled); and you the said Auditor are forthwith to deliver over the Bills which shall be directed to be made forth from time to time by warrants as aforesaid, to the four Tellers of Her Maties Exchequer, on some or one of them taking their receipts for the same; and you are to keep an exact account in the nature of a comptroll, whereby you are to charge the said Tellers respectively with the moneys which shall be conteyned in the Bills so by you delivered to them; and you are to give in charge to the said Tellers, that they do alsoe cause to be kept a true accompt of all the Bills which they shall so receive from you, and of their issuing, receiving back and delivering out the same according to the directions of the said Act of Parliament; and yourselfe and the said Tellers are strictly enjoyned and required in all matters and things touching the said Bills, to observe the prescriptions and directions of the

Appendix, No. 9.

said Act of Parliament, and such further rules and methods as I or the High Treasurer or Commissioners of the Treasury for the time being shall find necessary for Her Mat^s service; and for so doing this shall be your warrant. Whitehall, Treary Chambers, 17 July 1713.

Oxford.

To my very good Lord Charles Lord Halifax, Auditor of the Receipt of Her Mat^s Exchequer, and to my very loving Friends the Clerk of the Pells, the four Tellers, the Dep^ty Chamblns, and all other officers of the said Receipt whom this may concerne.

THE FORM.

Exchequer day of 1713.

ursuant to an Act of Parliament lately passed for raysing 1,200,000*l.* &c. This Bill entitles the bearer to pounds, with interest at ij^d p' cent. p' diem, and is to be current in all payments to the Crown, and to be exchanged by the Bank of England for ready money, upon demand.

Appendix, No. 10.

Appendix, No. 10.

COPY of TREASURY WARRANT, dated 18th March 1745.

AFTER our hearty commendations. Whereas by an Act of Parliament passed this present Session, entituled, "An Act for establishing an Agreement with the Governor and Company of the Bank of England for cancellnig certain Exchequer Bills upon the Terms therein mentioned, and for obliging them to advance the Sum of One Million upon the Credit of the Land Tax and Malt Duties granted to His Majesty for the Service of the Year 1746," it is amongst other things enacted, That the Governor and Company of the Bank of England shall, on or before the 25th day of March 1746, upon the terms, conditions and advantages in the said Act mentioned, forthwith deliver up to such person or persons as the Lord High Treasurer, or any three or more of the Commissioners of the Treasury for the time being should nominate, all the Exchequer Bills, amounting to Nine hundred and eighty-six thousand eight hundred Pounds, charged in pursuance of an Act of the sixteenth year of His Maj^ts reign upon the duties payable for license to sell spirituous liquors by retail to be discharged, cancelled and made void in such manner as the said High Treasurer or Comm^rs of the Treasury should appoint. Now we, judging it most agreeable to the course of the Exchequer, and for the safety and security of the said Governor and Company, that the said Bills should revert and pass through the same offices to be cancelled which they did pass when they were at first issued, have therefore nominated and appointed, and do hereby nominate and appoint, the Four Tellers of the Receipt of Exchequer for the time being, or any of them, to be the persons to whom the said Governor and Company shall deliver up the said Exchequer Bills accordingly to be cancelled; and you the said Governor and Company are hereby required to take notice thereof accordingly; and further, you the said Governor and Company, before you pay back the said Bill to the said Tellers, or any of them, to be cancelled in manner as hereinafter is directed, are to compare the Bills so to be paid back with the checks, indents or counterfoils thereof to be delivered into your custody by the Auditor of the Receipt of Exchequer or other proper officer in whose hands the same are now remaining, and finding the same Bills to agree therewith, you are to draw cancelling lines over the said checks only: and you the Teller or Tellers, to whom or into whose office or offices the said compared Bills shall, from time to time, be delivered by the said Governor and Company, shall, immediately upon receipt thereof, throw down a Bill or Bills into the Tally Court, thereby charging yourselves with so much as the said Bills shall amount unto, as received of the said Governor and Company towards the consideration money for a certain annuity to be paid to them and their successors from Lady-day 1746, in lieu of the said Bills according to the said Act; and the Tally or Tallies that shall be levyed at the Exchequer for the amount of the Bills so paid back shall be delivered to the said Governour and Company or their successors for their discharge; and you the Auditor are to receive from the Teller or Tellers the Exchequer Bills such Teller or Tellers shall have charged him or themselves with, and upon comparing again, if you shall judge it necessary, the said Exchequer Bills with the checks, indents or counterfoils, and finding them to be true, you are to draw cancelling lines as well over every the Exchequer Bills so delivered, as over every the checks that correspond and agree with the Bills so cancelled; and thereupon you the said Auditor, as also you the Clerk of the Pells, are to allow and discharge in your respective certificates and accounts the said Teller or Tellers of the sum in Bills that shall have been so taken down from them, or any of them, and cancelled in manner aforesaid; and you the Auditor are to taken care that the Exchequer Bills so cancelled, be filed and locked up and secured in the Receipt of Exchequer with safety in like manner as the old Exchequer Bills were formerly directed to be filed and secured by you; and for so doing this shall be to you and every of you, and to all others herein concerned, a sufficient warrant and discharge;

charge; Memorandums being first made in the proper offices of the Receipt of Exchequer, that no further payment be made to the Paymasters of Exchequer Bills, or any order payable to them in respect of the Bills hereby directed to be cancelled.—Whitehall, Treasury Chambers, the 18th day of March 1745. Appendix, No. 10.

H. Pelham.
H. Fox.
R. Arundell.

To our very good Lord, Robert Earl of Oxford, Auditor of the Receipt of His Majesty's Exchequer, and to our very loving friends, Edward Walpole, Esq. Clerk of the Pells, and the four Tellers now being, and to the Auditor of the Receipt, Clerk of the Pells, and Tellers for the time being, and all other the officers of the said Receipt, now and for the time being, whom this may concern, and also to the Governor and Company of the Bank of England, and their Successors.

Appendix, No. 11.

EXTRACT from the SIXTH REPORT of Commissioners on Public Accounts, dated 9th February 1782. Appendix, No. 11.

IF, instead of the tally, an indented check receipt of each sum were made out, and, compared with the entry of the receipt, was produced with the account, and examined with the counterfoil, the mode would be more simple. Nor is this check unknown in the Exchequer; the Bills that are issued every year to a great amount both in number and value are guarded by the check indenture and counterfoil.

Appendix, No. 12.

EXTRACTS from the TWENTY-SECOND REPORT of Finance Committee, 1797. Appendix, No. 12.

OFFICE for issuing EXCHEQUER BILLS.

W. Cracroft - -	First Clerk	appointed by Auditor.
Joseph Hawkes -	Second Clerk	
J. R. - - - - -	Third Clerk	

Hours of attendance daily from ten to two, and frequently much longer.

DUTIES:

The first clerk numbers all Exchequer Bills whatever with either one or two counterparts. He registers, indents and separates the Bills to be issued; dates the Bills, and writes receipts for the Teller's signature, and arranges them for binding up annually with the warrants, letters, &c., relative to Exchequer Bills. He enters every order upon which a payment is made out in Exchequer Bills; he sends a certificate weekly to the Treasury of all Bills issued or cancelled, and keeps a copy in the office; he makes out a general half-yearly account of all issues out of Exchequer Bills; he gives directions for printing Exchequer Bills, and inspects the same; he minutely examines the numbering, registering and signing all Exchequer Bills, and is likewise responsible for their safe custody.

The duty of this office is very much increased lately by constant attendance at the Treasury relative to the conduct of Exchequer Bill business.

The two other clerks assist in all parts of the above duty.

Appendix, No. 13.

CORRESPONDENCE between Mr. *Cracroft* and Mr. *Fisher*, respecting Custody of Exchequer Bills; dated August 1806.

COPY of LETTER from Mr. *Cracroft* to Mr. *Fisher*, dated 18th August 1806. Appendix, No. 13.

Sir, Exchequer, August 18th, 1806.

IN the plan of the new offices which I saw on Thursday, I observe you have marked the one I now occupy for the use of the junior clerks in the office immediately joining your own room. I feel bound, in justice to myself and the gentlemen in my department, respectfully but firmly to resist this proceeding, as most degrading to myself and injurious to them, besides the difficulty, if not impossibility, of transacting my business, now become so very

Appendix, No. 13.

laborious, on account of the extreme darkness of the messenger's room, which you have thought proper to select for myself and clerks; that particular part of the business, the numbering the Bills (which for accuracy I have always performed with my own hand) requiring a strong light, and my sight by so many years' constant application having become very defective.

As I wish, in the first instance, to make this application to yourself with all the respect due to you as the first officer under the Auditor, I will state to you with precision the fair claim to which I feel entitled in right of my office, my length of service, and the laborious and faithful performance of my duty, and I have hopes that you will have candour enough to re-consider this matter, and thereby prevent my most unwillingly troubling Lord Grenville on the subject.

What I feel entitled to is, after you have selected an apartment for the clerks in the great room immediately adjoining your own, to have the next choice, and if it is thought expedient to part those gentlemen, and appropriate a separate apartment for the three junior clerks, that *they* may go into the messenger's room, which likewise adjoins your own, and that myself and clerks may not be turned out of the one I now occupy, to make room for young men, whose claims in point of situation, age and length of service, cannot stand in competition with my own, however respectable in themselves.

I hope, sir, you will have candour enough to see the propriety of this request, and to leave me in possession of the room I now occupy. I must otherwise, though most reluctantly, in the absence of Mr. Wynn, claim the protection of Lord Grenville against this unjust proceeding, and humbly request his Lordship to appoint some person to inspect the offices, and on a consideration of all the circumstances to make a report to his Lordship.

Before I conclude my letter I beg leave to observe, that I have for more than 30 years had the internal regulation and management of my office under the last four gentlemen who filled the high situation you at present hold, and also the sole charge and custody of all Exchequer Bills, which I will never give up, except under the express direction of Lord Grenville; and I have a firm reliance on his Lordship's justice, to leave me in possession of all the long-enjoyed right of my office, to which I have in no one instance forfeited my just claim.

I respectfully beg the favour of an early answer, and am, sir,

Your very obedient servant,

William Cracroft.

COPY of Mr. *Fisher's* ANSWER.

Sir, Exchequer, August 20, 1806.

As your letter to me of the 18th instant alludes to your having seen the plan for the proposed alterations in the offices under the Auditor, I am to observe that my motive for showing to you was not for the purpose of asking an opinion, where the future office for issuing Exchequer Bills should be situated, but merely to say, that as there were two apartments, either of which might conveniently be appropriated for that business, I was willing you should have the one that appeared most desirable, but it never was for a moment in contemplation that the abolished Annuity Office which you now occupy should be made the future office for issuing Exchequer Bills, nor did any suggestion of mine warrant an opinion to that effect.

I have therefore only to repeat that to the best of my judgment, the room now used by the messengers will make the most proper office for issuing Exchequer Bills, and I am confirmed in this opinion from being assured that there will be sufficient light for transacting any part of the public business.

I shall to-morrow send the plan to Mr. Wynn for his inspection, and if necessary, represent my reasons for recommending it should be adopted, but at the same time shall most readily transmit (according to the directions contained in my letter on or about 18th June last) any communication you may think proper to make upon the subject.

Not having received any directions from either Lord G. or Mr. W. respecting an alteration in the internal regulations of the office for issuing Exchequer Bills, I have nothing to say in reply to that part of your letter, and therefore conclude,

Sir, your most obedient servant,

J. Fisher.

Appendix, No. 14.

COPIES of LETTERS from Mr. *Cracroft* to Mr. *Fisher*, dated 30th April and 9th May 1807.

Appendix, No. 14.

Sir, Exchequer, 30th April 1807.

I HAVE to acknowledge the favour of your note respecting the destroying the Exchequer Bills signed in Mr. Wynn's name, and entirely agree with you that it should be immediately done. They are locked up in the office, and whenever you are at leisure I will have a fire made in the printing-office, and bring them down to be burnt in the presence of us both, as was done on a similar occasion when Mr. Hughson was in your situation.

With

Appendix, No. 14.

With respect to the conversation we had about the Exchequer Bills, when signed, I beg leave to refer you to the Appendix to the 10th Report of the Committee of Accounts about the year 1780 or 1781. In that Appendix you will find it expressly stated that the chief clerk of the office for making out and issuing Exchequer Bills is "charged with the safe custody of all Exchequer Bills, for which he is stated to be solely responsible."

Having for more than thirty-two years executed that charge without any interference whatever, and without blame, I respectfully conceive that any change in that mode will cast on me an imputation of neglect, or of another nature of which I am wholly undeserving.

I am, sir,
Your very obedient servant,
W. Cracroft.

James Fisher, Esq.

Sir, Exchequer, May 9th, 1807.

After the conversation I had with you yesterday, I have only to express my readiness on this as on every other occasion, to pay the most prompt obedience to every command of Lord Grenville, and to yourself every possible respect and attention.

I beg leave to represent to you, that I was by the late auditor put into possession of and have always had the safe custody of Exchequer Bills in right of my office, and that none of your predecessors ever interfered with that right. That on Lord Grenville's succeeding to the auditorship, I made out, by his Lordship's order, an account of my employment, and gave it to Mr. Jennings, being a copy of a similar account given in to and approved by his predecessor, Mr. Wilford, in the year 1781, and that the words "for the safe custody of which Exchequer Bills the chief clerk in this office is responsible," formed a part of such account, and was so inserted in the general account laid before Lord Grenville in the year 1794, with the concurrence of Mr. Jennings; and that till now, the right enjoyed by my predecessors and by myself for thirty-two years was never questioned.

From the above statement I respectfully conceive the care of all Exchequer Bills to be solely my duty, and that any change in that respect entirely alters the whole of my official employment, respecting which it becomes an indispensable duty for me to know Lord Grenville's decision, though I deprecate the thought of troubling his Lordship, whose time must be so much taken up with other important concerns.

Being thus situated, I have only to repeat my former proposal, that whenever you wish to have the Bills destroyed, I will order a fire to be made in the printing-room, and attend you for the purpose of burning them, as was done when Mr. Hughson filled your situation.

I am, sir,
Your very obedient, humble servant,
W. Cracroft.

James Fisher, Esq.

Appendix, No. 15.

Appendix, No. 15.

REPORT of Mr. *Cracroft* to Lord *Grenville*, on the Practice adopted in making out and issuing Exchequer Bills; dated February 1808.

The business of printing, filling up and issuing Exchequer Bills has always been conducted by your Lordship's informant, the first clerk in the office (for making out and issuing Exchequer Bills under the Auditor) and his assistants, in the following manner:

He (your Lordship's informant) gives orders to the paper-maker to make a quantity of paper from the mould for that purpose, and to send it to the office, where (since the death of the usher who formerly furnished it) it is deposited in his care till a warrant comes from the Treasury to direct the making out Exchequer Bills. He then gives orders to the engraver respecting the copper-plates, either to make new ones, or alter the dates and repair old ones, as the case may be.

As soon as the plates are finished the printer comes down to the Exchequer and receives from your informant a quantity of paper to wet, and the printing commences the next morning in the printing-room; the Bills when printed are hung on lines in the printing-room, and when dry are stitched by the binder in books of five hundred each, and brought into the office, where the counterparts are numbered by the junior clerk, and the Issuing Bills by the first clerk; your informant then separates the Issuing Bills from their counterparts by an indented line, cuts off the extreme edges on the right-hand side, and the top and bottom superfluous edges of each sheet, and carefully examines every number.

He then deposits them in his chest till the Auditor, or the person appointed by him for that purpose, wants a quantity for signing, which, when signed, are returned to your informant, who then gives them to the messenger to seal; when sealed he deposits them in his chest till wanted for the purpose of issuing. The issues take place in pursuance of letters to the auditor from the Lords of the Treasury, specifying the particulars; your Lordship's first clerk sends to your informant the amount of the issue directed by the Treasury letter, and the Bills are immediately dated by himself and assistants (each sheet separated into single

Appendix, No. 15.

Bills), and minutely examined as to numbering, signing, sealing and dating. Each issue is deducted in an issuing book from the total amount in money first directed by the Treasury warrant to be made out, and the number of Bills entered in another column, to which number those contained in each subsequent issue are added, so that the amount in money remaining unissued, and the amount of Bills issued, will, when added together, show that the issues are correct. The second clerk keeps a similar book by way of cheque.

The Bills, when completely filled up, are sent to the teller, in whose office they are issued, and again counted over before they quit the Exchequer.

The above has been the invariable rule of making out and issuing Exchequer Bills, and your informant has for nearly thirty-five years, at the head of the Exchequer Bill Office, been fortunate enough to enjoy the full confidence of your Lordship's predecessor, and the entire approbation of the four gentlemen who preceded your Lordship's present first clerk, two of whom having in their turn been junior clerks in the Bill Office under your informant, must have been well acquainted with the routine of the office.

It is, perhaps, unnecessary to state, that no fraud has ever taken place during the time your informant has been in the office, neither did he ever hear of any.

February 1808. *W. Cracroft.*

To the Lord Grenville,
Auditor of the Exchequer.

Appendix, No. 16.

Appendix, No. 16.

REGULATIONS to be observed in the Department of the Auditor of the Receipt of His Majesty's Exchequer; dated 27th May 1818.

THAT the junior-clerks do attend at half-past ten o'clock daily, Sundays and holidays excepted; and every other clerk at eleven precisely.

That the clerks do continue in attendance till three o'clock, or later, whenever the business of the office shall require it.

That whenever there may be a pressure of business in any one of the offices, the clerks of the other departments (if required) are to give their assistance.

That it is the wish of the auditor to allow every clerk a vacation of six weeks annually, to be granted at the discretion of the chief clerk, so as to take place when there shall be the least pressure of business; no occasional leave of absence is therefore to be expected but in cases of illness, very particular business, or under the special permission of the auditor.

That when any occasional leave of absence may be unavoidably necessary, it shall (if possible) be obtained on the day preceding; otherwise the earliest intimation thereof must be sent to the senior clerk then in the office.

That in the offices consisting of three clerks, one only shall, on any account, have leave of absence at the same time.

The chief clerk (as far as relates to the Auditor's Office) and the senior clerk in the other departments, are responsible to the auditor for the regular performance of the business of the respective offices, and for the due observance of the regulations, particularly as to the hours of attendance, which the auditor expects to be punctually observed from henceforth.

Grenville, Auditor.

Exchequer, the 27th day of May 1818.

Appendix, No. 17.

Appendix, No. 17.

EXTRACT from a REPORT by the Principal Officers of the Exchequer, relating to the Manufacture and Custody of Exchequer Bill Paper, &c.; dated 28th July 1823.

WE beg leave to observe, sir, that the allusion in your letter to the article of printing forces upon our particular attention a subject in which we are all deeply interested on account of its importance, as affecting the Exchequer generally; and one of us (the first clerk, to the auditor) on account of the high responsibility which the origin, preparation and management of it entail upon his department, we mean the Exchequer Bills.

From their first institution, every possible precaution has been resorted to, not only for their actual security, but for obviating even the slightest suspicion that might affect their public credit. The paper of which they are made is, or ought to be, manufactured under the inspection of a person deputed by the auditor to superintend the mill. It is his duty to see that no imperfect sheet should escape from the hands of the workmen, and that none whatever should fall into the possession of a stranger. The moulds for this paper, are of right, in the custody of the auditor, as are the copper-plates. The preparation of the ink, the printing, the binding, in short, the whole process and structure of these most important articles, is and must be carried on under the roof of the Exchequer, and superintended by the most vigilant inspection of persons appointed for the purpose by the auditor, in whom solely and

and entirely the correctness, the security and the responsibility of them is vested. No alteration can be made in this long, established system, but what must injuriously affect this officer, if it should diminish his authority by dividing his superintendence, and leave him with all the load of responsibility necessarily and inseparably attached to the business. Appendix, No. 17.

(signed) *G. C. Bedford,* First Clerk to the Auditor.
Edwd Roberts, Dep. Cler. Pellium.
Francis Gore, Deputy to the Marquis Camden.
William Bathurst, Deputy to Earl Bathurst.
C. W. Manningham, Deputy to Rt. Hon. C. Yorke.
Robert Browne, Deputy to Spencer Perceval, Esq.

Appendix No. 18.

LETTER from Mr. *Bedford* to Mr. *Street,* Paper-maker, respecting the Moulds, dated 22d August 1823. Appendix, No. 18.

Sir, Auditors' Office, Exchequer, 22d August 1823.

UNDERSTANDING from Mr. Cracroft that the moulds for making the Exchequer Bill paper are in your possession, I have to request that, if all the paper already ordered is manufactured, you will direct them to be returned as soon as possible to this office, by the safest conveyance, and that you will also inform me if any Exchequer Bill paper is at present in your hands.

I have transmitted to the Lords of the Treasury the Bill enclosed in your letter to me of the 8th July last, but have not received, as yet, any directions from their Lordships relating to it.

I am, sir, &c. &c.

(signed) *G. C. Bedford.*

Appendix No 19.

COPY of Mr. *Bedford's* LETTER to Lord *Grenville,* dated 26th September 1823. Appendix, No. 19.

My Lord, Exchequer, 26th September 1823.

I HAVE the honour to enclose a copy of the letter which, in obedience to your Lordship's directions, I have this day officially addressed to Mr. Harrison, upon the subject of the missing Exchequer Bills, having previously submitted it to him for his opinion.

The printed notice, of which I also enclose a copy, and which I hope is in conformity with the directions I received from your Lordship last night, has been also submitted to Mr. Harrison's inspection, and in some measure owes its form and appearance to his suggestions.

Mr. Chisholm has already apprised the gentlemen of the Stock Exchange of the intended immediate distribution of this notice to the bankers and the mercantile houses in London, and every exertion is at this moment making for giving it due publicity.

I suggested to Mr. Harrison, that the assurance that the Bills in question "never will be issued," would emanate with more propriety from the Treasury than from your Lordship's office, or that at least his answer to my letter should contain the directions of the Board of Treasury to you, to issue this notice altogether.

But in the absence from town of Lord Liverpool and the Chancellor of the Exchequer, he did not feel himself authorized to give such directions in their names, and thought it more expedient that it should be authenticated by my signature.

At Mr. Harrison's desire it will be inserted in the Gazette of to-morrow night.

If by any accident these Bills should ever make their appearance in this office or elsewhere to my knowledge, I shall not fail to give your Lordship immediate information of the fact, as well as of any others connected with them.

To Lord Grenville, &c. &c. &c.

(signed) *G. C. Bedford.*

COPY of LETTER from Mr. *Bedford* to the Treasury, dated 26th September 1823.

Sir, Exchequer, 26th September 1823.

I BEG leave to represent to you, for the information of the Lords Commissioners of His Majesty's Treasury, that of the Exchequer Bills, amounting to the sum of 3,403,400 *l.*, which have been made out under the authority of an Act 4 Geo. 4, c. 100, "for raising the sum of 14,700,000 *l.*," and which are about to be issued this day to the Paymasters of

Appendix, No. 19.

Exchequer Bills, three Bills for 1,000 *l.* each, numbered respectively 298, 299 and 300, cannot be found after the most diligent and active search throughout this office.

As the number of Bills now to be issued for 1,000 *l.* each extends in numerical series far beyond those numbered 298, 299 and 300, and as the usage hitherto observed in all issues of this species of public money, is to pursue the course from the lowest to the highest number that may be necessary to comprise the whole amount to be issued, no deviation from that custom can properly be allowed to take place without the sanction of their Lordships' cognizance. Upon the conviction of the absence of these Bills from every accessible situation in the office, I deemed it necessary immediately to apprise Lord Grenville in person of the fact, and to request his commands upon the measures which he might judge fit to be pursued in consequence of it.

I therefore waited upon him at Dropmore at a late hour last night.

His Lordship directed me to inform the Lords Commissioners of His Majesty's Treasury, that I had seen him at Dropmore, and that having submitted to him all the aforegoing circumstances, I had received his orders to communicate them to their Lordships, and to apply to them for such directions as they may be pleased to issue for his especial guidance under the occurence of them.

His Lordship further desired me to take the earliest measures for giving the necessary publicity to the following notice respecting these missing Bills, and to express his hope that it may receive the sanction and approbation of their Lordships.

I have the honour to be
&c. &c. &c.
(signed) *G. C. Bedford.*

To Geo. Harrison, Esq. &c. &c. &c.
Treasury Chambers.

NOTICE.

EXCHEQUER BILLS for the Sum of 14,000,000 *l.*, per Act 4 Geo. 4, c. 100.

THE Bills numbered 298, 299 and 300, for 1,000 *l.* each, and made out under the authority of the above-mentioned Act, have not been, nor ever will be, issued from his Majesty's Receipt of Exchequer, and therefore cannot pass current.

(signed) *G. C. Bedford,*
Chief Clerk to the Auditor of the Exchequer.

Receipt of Exchequer,
26 September 1823.

LETTER from the Treasury to Lord *Grenville,* Auditor of the Exchequer, dated 29th September 1823.

My Lord, Treasury Chambers, 29th September 1823.

HAVING submitted to the consideration of the Lords Commissioners of His Majesty's Treasury, a letter from the chief clerk in your Lordship's department, stating the loss of three Exchequer Bills for 1,000 *l.* each, which were about to be issued under Act 4 Geo. 4, c. 100, and adverting to the public notice, which he has given under your Lordship's directions in respect thereof;

I have it in command to convey to you their Lordships' approbation and sanction of the steps which your Lordship has directed to be taken upon this occasion; and I am to request that you will be pleased to inquire and ascertain whether by any alteration in the mode at present pursued in your Lordship's office, in the preparation and completion of Exchequer Bills for circulation, a more efficient security may not be provided against any similar occurrence in future.

I am, my Lords,
Your Lordship's most obedient servant,
(signed) *Geo. Harrison.*

The Auditor of the Receipt of His Majesty's Exchequer.

Appendix, No. 20.

Appendix, No. 20.

EXTRACT of a LETTER from Lord *Grenville* to Mr. *Bedford,* dated 14th October 1823.

Dropmore, 14th October 1823.

IN consequence of the directions which have been received from the Treasury, it will be proper that you should call upon Mr. Cracroft to consider the subject, and to report to me thereon, transmitting his report through you, in order that you may accompany it with your opinion and observations.

Appendix, No. 21.

Mr. *Bedford's* LETTER, dated 4th December 1823; and Mr. *Cracroft's* REPORT to Lord *Grenville*, dated 1st December 1823.

My Lord, Exchequer, 4th December 1823.

I HAVE the honour to convey to your Lordship Mr. Cracroft's report upon the means of providing additional security to Exchequer Bills remaining in his custody, previously to the issuing of them; together with his letter to myself, accounting for the lapse of time which has occurred since your Lordship's commands upon this matter were first received.

The suggestion to annex a second room to the office for issuing the Bills, appears to me to contribute most easily, as well as most effectually, to the attainment of the object in view; and such a room already exists in immediate contiguity with that office.

Some inconvenience will perhaps result from the proposed allotment of it, as it is the only room, except that occupied by the messengers, in which strangers, of whatever description they may be, who have occasion to resort to the principal department, can be placed. But I feel that this inconvenience is not to be urged in opposition to the advantage which may arise to the safety of the Bills, to which all accommodation of individuals must give way, nor to that quiet and seclusion which are so obviously desirable for facilitating and promoting correctness in the conduct of all the business relating to them.

The second suggestion made by Mr. Cracroft, although not tending to the direct security of the Bills, will, at all events, furnish evidence which, in case of any future loss or accident to them, cannot fail to be satisfactory to the parties through whose hands they have to pass immediately before and after the signing of them; and I shall most willingly join in the adoption of it.

The third measure proposed is one which evidently bears conviction of its utility, and accords with that system of increased superintendence alluded to in a letter which I had lately the honour to address to your Lordship, the necessity for which I have endeavoured to make apparent by a detail of all the circumstances attending the preparation of Exchequer Bills, as set forth in the paper which I beg leave to submit to your Lordship, jointly with Mr. Cracroft's Report; and as in that paper some allusion is made to the space occupied by the principal department of your Lordship's office, and to that allotted to the issuing of Exchequer Bills, I have procured a plan to be made of both these departments, which I now inclose, in order that your Lordship may judge how far the proposed alteration may be proper and practicable.

Your Lordship will perhaps permit me to observe, that, on considering the various precautions which are now more than ever become necessary in the performance of the duties in question, I am impressed with the expediency of reviving the superintendence of the paper-mill, which, if properly executed, would tend to increase the difficulties of the first step towards forgery of the Bills, if it should ever be attempted.

The degree of supervision of the press which is at present observed might be increased by the constant presence of the principal messenger during the progress of printing; and if the augmentation of his services should be thought to merit compensation, no objection perhaps would arise on the part of the Treasury to rewarding him for it, under the consideration of increased security.

I do not, however, attach so much importance to this increased vigilance, because if the number of sheets printed and returned to the Issuing Office be immediately examined, according *to the constant practice there*, the escape or abstraction of any of them would be instantly detected. The only advantage would be that the printer would not be able, without the connivance of a second person, to give a false account of such as might be missing.

Your Lordship's determination upon all these points may perhaps be influenced by the information which I think it right to communicate to you, and which I have privately received from the Surveyor-General of the Board of Works, that the taking down and rebuilding of the present Exchequer are included in a general plan now under the immediate consideration of Government, and which will not be long delayed in its execution.

I have the honour, &c.

The Lord Grenville, &c. &c. &c. (signed) *G. C. Bedford.*

Mr. *Cracroft's* REPORT, alluded to in Mr. *Bedford's* LETTER to Lord *Grenville*, of 4th December 1823.

To the Right honourable Lord *Grenville*, Auditor of the Receipt of Exchequer.

REPORT ordered to be made by Mr. Cracroft, "Whether, by any alteration in the mode at present pursued in the preparation and completion of Exchequer Bills, a more efficient security may not be provided against any future occurrence of the loss of any of them?"

MR. CRACROFT, taking into consideration the above question, begs to submit it as his opinion, that the first measure to be adopted should be the appropriation of *an additional room*, into which all persons coming to the office should be shown, and on no account admitted into the room where the Bills are deposited.

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The necessity of this arrangement appears to be absolute, from this circumstance, viz. that during the preparation of the Bills for the very heavy issues to which they are now mostly confined, many thousand Bills are necessarily lying about in a room 8 feet by 15, while in the process of dating, cutting, examining and classing in the respective parcels, and at a time when perhaps half a dozen bankers' clerks and other persons are waiting in this confined space to receive Bills for the building, &c. of Churches, and for promoting Public Works and Fisheries, and in other private business.

Mr. Cracroft begs permission to observe, that, to remedy these inconveniences, he thought it his duty (on a former alteration and improvement in the apartments in the Auditor's Department) to represent to the late Mr. Fisher the inadequate space allotted by Mr. F. for his office; and finding that Mr. F. was unwilling to listen to him on the subject, he thought it so important to the security of the Bills, and to the conducting of the business without interruption, as to feel it necessary to write to Lord Grenville on the subject, humbly requesting his Lordship to take a view of the room selected by Mr. Fisher for his office. Under the then circumstances, Mr. Fisher informed Mr. C. that no alteration was thought necessary. The second measure Mr. Cracroft begs to recommend is, that, on handing over the Bills to Mr. Bedford for signature, after they are numbered, the receipt of them should be acknowledged by Mr. Bedford's initials in a book, containing columns for the date of their delivery, their amount, the first and last number of each parcel of Bills; and that *on Mr. B.'s returning them*, and an examination made, the receipt should be acknowledged by Mr. Cracroft in the same manner. This book to be in Mr. Bedford's possession.

Signing Book.

This measure will show (in case of any future accident) at what period of transit from one hand to another the event occurred, and also (which is very material) how far advanced the Bills lost were towards their completion.

The third and last measure Mr. Cracroft deems it necessary to propose is, that the Bills, when signed and thus examined, should be given to the messenger to be sealed, at a time when one of the gentlemen of the office can attend during the time of sealing.

These are all the precautions Mr. Cracroft thinks it necessary to recommend, *always supposing that the security of the copper-plates and giving out the exact quantity of paper are very minutely attended to.*

(signed) *W. Cracroft.*

Office for making out and issuing Exchequer Bills,
1 December 1823.

Appendix, No. 22.

Appendix, No. 22.

COPY of REGULATIONS made by Lord *Grenville* for the better Security of EXCHEQUER BILLS, 16th December 1823.

FOR the better security of Exchequer Bills during their preparation and issue, the Auditor directs:—

1st. That until provisions shall have been made under the direction of the Lords Commissioners of the Treasury, for granting some additional space for the transaction of the public business in the different branches of the office, the room contiguous to the Exchequer Bill Office, now used as a waiting-room for strangers resorting to the Exchequer for the various matters there transacted, shall be allotted to the Bill Office, for the exclusive purpose of the general business of the said office, and the old Annuity Office be used as a waiting-room.

2dly. That when the Bills are delivered from the Bill Office to the principal clerk for signature, their receipt should be acknowledged by him, by the signature of his initials in a book to be kept in the Bill Office, and in which there shall be proper columns for the date of such delivery, and for the amount and numbers of each parcel of Bills so delivered; and that on the return of such Bills when signed, the same shall in like manner be acknowledged by the clerk in the Bill Office, in a book to be kept in the principal department.

3dly. That the Bills shall, for the purpose of sealing, be delivered to the messenger appointed to that duty, by one of the clerks in the Bill Office, in whose presence they shall be sealed in the office-room, and during office-hours.

4thly. That whenever the sanction of the Lords of the Treasury shall have been obtained for the payment of such allowance as they shall think fit for that service, one of the messengers shall constantly attend on the manufacture of the Exchequer Bill paper, and on the transfer of the paper from the mill to the office; and that proper instructions for this purpose shall be delivered to him in writing by the principal clerk, when they shall also be read over to him.

(signed) *Grenville.*

Appendix, No. 23.

COPY of CORRESPONDENCE between Lord *Grenville* and the Treasury relative to Exchequer Bill Paper, &c., dated respectively 5th January and 20th July 1824. Appendix, No. 23.

COPY of LETTER from Lord *Grenville* to the Treasury, dated 5th January 1824.

Sir, Exchequer, 5 January 1824.

I REQUEST that you will be pleased to apprize the Lords Commissioners of the Treasury, that in consequence of the inquiries directed in your letter of the 29th of September last, I have made all such further regulations in the Exchequer Bill department of this office as appeared to me most proper for the effectual attainment of the objects which their Lordships have in view.

But there are two points connected therewith which it is necessary for me more particularly to submit to their Lordships.

The first relates to a small allowance to be made to one of the office messengers for special attendance on the manufacture of the particular paper used for the Exchequer Bills, and on the transport of the same.

This may in my judgment be properly fixed at 10*s.* for every day in which he shall be actually so employed, the whole of such time not being likely to exceed a month, or at the most six weeks in each year, during which such messenger must be absent from his home.

And I would therefore propose that this allowance should be paid to him upon his presenting a bill of expenses, of which it should form one of the articles, and which bill should be subjected to the inspection of the chief clerk in my office, by whose signature it should be authenticated, and by whom it should be transmitted to the Lords of the Treasury, to be included in their order, which is directed quarterly to the Receiver of Exchequer Fees, for paying all the bills of tradesmen and workmen employed in that department.

The second point is of far greater importance, and I should think it my duty to press it in the most urgent terms on the attention of their Lordships, if I had not reason to be fully assured that it has long since been under the repeated consideration of the proper departments of His Majesty's Government, and that effectual measures on the subject are now likely to be soon adopted.

What I here refer to is the very inconvenient and inadequate state of the buildings (now of very ancient date) which are allotted to the business of this office. The fact is too well known to their Lordships to require being supported by any detail of particulars, though such may, if their Lordships should require it, be immediately and fully supplied. And I have no doubt that in the general transaction of our multiplied, complicated, and in some branches daily increasing business, the public service must and does materially suffer from it, and also that the security of the Exchequer Bills made out and issued from hence would be better provided for if, in addition to some change which I have now made in that respect, a further space could be allotted to that particular branch.

I am, sir, &c. &c.

George Harrison, Esq. &c. &c. (signed) *Grenville.*

COPY of LETTER from the Treasury, authorizing the Allowance of 10 *s.* per day to the Supervisor of Paper-making.

My Lord, Treasury Chambers, 20th July 1826.

HAVING submitted to the consideration of the Lords Commissioners of His Majesty's Treasury your letter on the subject of certain regulations in the Exchequer Bill department:

I have it in command to acquaint your Lordship that my Lords are pleased to approve of the allowance of 10*s.* per day proposed to be made to the Exchequer messenger for special attendance on the manufacture of the paper used for Exchequer Bills, and on the transport of the same from the place of its manufacture to the Exchequer.

I am, my Lord,
Your Lordship's most obedient servant,

The Lord Grenville, &c. &c. &c. (signed) *W. Hill.*

Appendix, No. 24.

CORRESPONDENCE respecting Exchequer Bills improperly obtained by *John Tompkins*, dated 28 May, 31 July, and 10 August 1824. Appendix, No. 24.

STATEMENT of Mr. *Bedford* respecting a Fraud committed by *John Tompkins*, dated 28 May 1824.

28 May 1824.

MR. BRICKWOOD, accountant in the office of the Commissioners of Exchequer Bills for Public Works and Fisheries, per Act 57 Geo. 3, c. 34, came to the Exchequer requesting to see a certificate (No. 189), under the authority of which, Bills were delivered from the

Appendix, No. 24.

issuing office at the Exchequer to Mr. John Tompkins, assistant secretary in the office of the Commissioners on the 17th instant.

Mr. Brickwood stated that the certificate was signed by three of the Commissioners as authorizing the issue of Bills to the amount of 400 *l.*; upon reference, however, to the certificate which is lodged in the issuing office at the Exchequer as a voucher for the issue, it appeared to be for 14,400 *l.*

Erasures had been made of the original sum in two places in the certificate, and the sum of 14,400 *l.* had been inserted in both in lieu of it, but so dexterously that it was not visible till that paper was held up to the light, in order to render it transparent. Two or three blots had also been made upon it and smeared in the vicinity of the sums stated, in order to mislead the eye of any one giving it a cursory examination.

The certificate bears date on the 18th March 1824, and the Bills are directed by it to bear date on the 30th January 1824.

Mr. Brickwood stated that an examination of the accounts of Mr. Tompkins had just taken place at the office of the Commissioners, the result of which had led to a suspicion of some irregularity in the transaction, and this suspicion was corroborated by the fact, that Mr. Tompkins had absented himself from the office ever since the 17th of May, and could not be found, nor heard of at his residence, where it was stated, that he had, on or about that day, got into a hackney coach with his wife and one of his children, alleging his intention to go to Canterbury and see a relation.

Mr. Brickwood further stated, that after the lapse of two days from Mr. Tompkins's so absenting himself, he (Mr. B.) wrote to Mr. Holden, the secretary, who was then in the country, and reported the circumstance to him. Mr. Holden returned to town on Monday last, the 22d May.

Upon a representation of these facts to me, I went with Mr. Cracroft and Mr. Brickwood to Mr. Harrison at the Treasury, to whose knowledge they were submitted, and who inspected the certificate when produced to him. He immediately decided on the necessity of making a search after Mr. Tompkins, who had himself received the 14,400 *l.* in question at the Exchequer on the 17th instant, and in whose hand-writing the alterations appeared to have been made.

We then all went to Mr. Hobhouse, at the office of the Secretary of State for the Home Department, to require his assistance in the detection of Mr. Tompkins. He directed Sir R. Birnie, the magistrate, to be sent for, and, on his arrival, Mr. Brickwood deposed as to the identity of the signatures of the Commissioners on the certificate, and to the fact of only 400 *l.* having been directed by them to be issued.

Mr. Edward Beaumont Smith, junior clerk in the issuing office under the Auditor of the Exchequer, also deposed as to the certificate being the same as was delivered to that office on the 17th of May, and to the fact of Mr. Tompkins having received the Bills to the amount of 14,400 *l.* on that day himself.

At four o'clock on this day (the 28th of May), a police officer came to me at the Exchequer to receive a description of the person of Mr. Tompkins, which Mr. Smith gave to him, together with one of his dress as worn on the 17th.

(signed) *G. C. Bedford.*

Copy of a Letter from Mr. *Bedford* to Lord *Grenville*, dated 31 July 1824.

My Lord, Exchequer, 31 July 1824.

I have the honour to transmit to your Lordship the second draft of the report on Tompkins's forgery, and to return the papers from which it is composed, lest any reference to them should be required.

Upon my observing to Mr. Cracroft the points in which the warrants of the Treasury for making out Exchequer Bills differ from the Acts of Parliament, he accounts for the variance by suggesting that the former of these authorities have, in all probability, been drawn from precedents whose form and structure were not applicable to the immediate case; and he tells me that he has very frequently endeavoured to call the attention of that department to similar inconsistencies in former and later warrants without being able to procure an habitual and regular correctness in them.

I understand from Mr. Cracroft that the business of preparing Exchequer Bills is thus conducted:—When it is known that any Bills are to be made out, all the arrangements are made in unofficial and private communications with that department of the Treasury in which the preparation of the warrants originates, long before the official documents, which are to be the ostensible authorities for the act of issuing, are transmitted to the Exchequer.

Conformably with these arrangements the copper-plates are engraved, the Bills are printed, and the whole work is completed, in order that when the warrants are perfected and signed by the Lords and lodged in your Lordship's office, not a moment's delay may intervene between the claims made by the public applicants and compliance with them.

The principle upon which the business proceeds, in anticipation so far, is certainly highly favourable to public accommodation and to despatch; but it has unfortunately happened in many instances, that these previous arrangements do not appear to have been adhered to in the final execution of the work. I do not feel myself competent in any degree to state the mode of proceeding observed at the Treasury in these matters, but I understand that the warrants do frequently not appear here in their complete form, and with the signatures of the Lords, till the instant at which the first issue to be made under the authority of them is

is called for, and when such delay as might be caused by procuring correction of them would be exceedingly inconvenient or injurious to the public service.

If your Lordship is pleased to admit this statement as a sufficient explanation of the temporary necessity for acting, at first, upon imperfect or erroneous authorities, I must yet confess that it cannot be offered as a reason for suffering those authorities to remain uncorrected for subsequent transactions, if the adjustment of them could be procured by any effort on the part of your Lordship's office; for this I do not pretend on my own knowledge to account.

I entreat your Lordship to receive this explanation as offered under the general impression made upon my mind by the conversation I have held with Mr. Cracroft, and as not intended to involve, in any conclusion which your Lordship may draw from it, the mode which another department of Government may adopt for the management of its share of the business.

Upon comparing the entries of the warrants of the Treasury for preparing Loan Bills in the years 1793, 1795, 1799, and 1811, with the Acts of Parliament passed for that purpose, I find an agreement between them in the year 1793, but in the following ones discrepancies similar to such as exist in the case now under consideration.

This fact will show that the departure from established usages, leading perhaps ultimately, though imperceptibly, to infringement on stronger obligations, is not an error now in its infancy; they have indeed been long falling into disregard, if not into worse consideration, and the grounds of public inquiry have always been pleaded for the neglect of them. It would require, however, a more commanding influence than that which any person in my situation can possess to restore them to that observance to which, as means of security, though not indeed of despatch, in the execution of public business, they are entitled; and I hope I may be permitted to say, how fortunate for an office charged with so much responsibility as this is, I consider the expression of your Lordship's opinion upon any dereliction of them.

I have the honour to be, &c. &c. &c.

G. C. Bedford.

COPY of LETTER from Lord *Grenville* to the Treasury, dated 10th August 1824.

Sir, Auditor's Office, Exchequer, 10th August 1824.

ALTHOUGH not a moment was lost in apprizing you by verbal communication, for the information of the Lords Commissioners of the Treasury, of the circumstance to which this letter relates, in order that such immediate measures as the case required might be taken upon it, and it has since been the subject of repeated communications in the same form between the Treasury and this office, I think it my duty to make to their Lordships this written report upon it.

By the Act 57 Geo. 3, c. 34, intituled, "An Act to authorize the Issue of Exchequer Bills, &c., to a limited Amount, for the carrying on of Public Works and Fisheries, &c.," the Lords Commissioners of the Treasury were authorized and empowered to cause and direct certain Exchequer Bills (as therein described and limited) to be made out for the purposes of the said Act.

And it was thereby further provided, that certain Commissioners, named in the said Act, should be empowered to receive and determine upon applications for the loan of the said Exchequer Bills; and that the said Commissioners, after determining on any amount thereof to be advanced to any such applicants respectively, should forthwith certify such amount to the Auditor of his Majesty's Exchequer, and that the said Auditor, on such certificate being deposited in his office, should cause or direct to be delivered to the bearer or bearers thereof Exchequer Bills agreeably to such certificates, in the manner and under the regulations specified in the said Act.

In pursuance of this Act, and of several subsequent Acts, viz. 57 Geo. 3, c. 124; 1 Geo. 4, c. 60; and 3 Geo. 4, c. 86; and of the warrants of the Lords Commissioners of the Treasury thereupon, Exchequer Bills were prepared at this office to the several amounts specified in the said warrants, which Exchequer Bills it became the duty of the said Auditor, under the express directions of the said several Acts, to cause and direct to be respectively delivered to the bearer or bearers of any such certificates as above mentioned, immediately on the presentation and deposit thereof.

On the 17th of May last, a certificate, in the usual form, signed by three of the said Commissioners, and countersigned by their assistant secretary, John Tompkins, was presented at the Exchequer Bill department of this office by the said assistant secretary, the same purporting to be a certificate for the sum of 14,400*l.*, for which sum Exchequer Bills were accordingly delivered to the said Tompkins, the bearer of the said certificate, as appears by the receipt on the back of the said certificate then deposited, and still remaining in this office.

Not many days after it was discovered, from an inquiry made at the Exchequer by the accountant to the said Commissioners, that the said certificate had been intended by the said Commissioners to entitle the bearer thereof to the sum of 400*l.* only.

Previous to the presentation of the certificate at the Exchequer, this sum, which is stated to have been originally expressed therein, appears to have been altered, partly by erasure, and partly by additional writing (in the handwriting, as it seems, of the said Tompkins), to

Appendix, No. 24.

the sum of 14,400*l.*, to which amount Exchequer Bills were accordingly delivered to him, under the direction of the said Acts.

The erasure appears to have been made with considerable care and skill, and at the time of the presentation of the certificate it wholly escaped notice. It is stated to me to have been then less visible than it has since become by the repeated handling of the paper for the purpose of examination. The additions made in writing appear to be in the handwriting of the known officer of the Commissioners, by whom so much of the instrument itself as is in writing was originally written, and by whom it was presented at the Exchequer for payment, as other certificates of the said Commissioners had frequently before been presented and paid.

I have only to add, that the practice of requiring by law the delivery of Exchequer Bills, in the case of Commissions of this description, directly from this office to the bearers of the certificates of the Commissioners, without the intervention of any other specification or form of proceeding, was, as I am informed, first established by an Act of Parliament passed in the year 1793, and has since been continued in all succeeding Acts of Parliament passed for similar purposes.

I have the honour to be, Sir,
Your most obedient humble servant,

G. Harrison, Esq., &c. &c. &c. (signed) *Grenville.*

Appendix, No. 25.

Appendix, No. 25. COPY of TREASURY MINUTE, and INSTRUCTIONS to the Paymasters of Exchequer Bills, dated 26 May and 1 June 1829.

COPY of TREASURY MINUTE, dated 26 May 1829.

READ letter from Mr. Jadis and Mr. Latham, two of the Paymasters of Exchequer Bills, returning the draft of instructions proposed by the Commissioners of Audit to be issued to the Paymasters of Exchequer Bills, which was referred to them for their observations.

The Paymasters approve of the instructions, with one or two verbal amendments, and with an observation that the following suggestion of the auditors is necessary; viz. "That whenever the state of business will permit, the Paymaster, on cancelling each Exchequer Bill by running his pen distinctly across the name of the Auditor, and should add at the same time his initials, so as to show by what Paymaster each Bill has been cancelled." My Lords are of opinion that the initial of the Paymaster should in all cases be added as a proper security for the distinct execution of this important proceeding.

Gentlemen, Treasury Chambers, 1 June 1829.

I HAVE it in command from the Lords Commissioners of His Majesty's Treasury to transmit for your guidance the instructions amended, (as directed by the Minute of this Board, of 26th ultimo, for the conduct of your department), together with a copy of their Lordships' said minute of the 26th ultimo.

I am, Gentlemen,
Your obedient servant,

The Paymasters of Exchequer Bills, &c. &c. &c. *J. Stewart.*

INSTRUCTIONS for the Conduct of the Exchequer Bill Office.

THAT the following books be established and kept:—

No. 1. A Journal.
2. Register of Old Bills.
3. Ditto . . . New Bills.
4. Pay Book.
5. Draft Book.
6. Paymaster's Cash Book.
7. Accountant's Cash Book.
8. Warrant Book.
9. Account Book.
10. Minute Book.
11. Comptrolling Book.

APPROPRIATION.

No. 1.—A Journal, in which is to be entered a full statement of claims which may be presented at the office, in the succession in which they are brought in. As this book is intended to be the fundamental record of the office, containing all the payments to the Bank, the Tellers of the Exchequer, as well as to individuals, a specimen of it is hereunto annexed.

No. 2.—A Register of Old Bills, or Numerical Index of the Bills presented, being a series of numbers to the extent required; opposite each number is to be entered the number of the list in the Journal, where the whole transaction relating to that Bill will be immediately seen.

No. 3.

No. 3.—A Register of New Bills as delivered in exchange for old Bills, showing the grant on account of which the old Bills paid off were originally issued, and the grant on account of which the new Bills are issued. In this register is to be entered, opposite to each new Bill, the name of the party to whom it has been delivered, with a reference to the transaction in the Journal.

No. 4.—A Pay Book, in which is to be entered at the time the claimant is paid, the numerical order in which such payment is made, the total amount of each parcel, the interest and the mode in which the payment has been made; showing also the amount of new Bills issued, and the sums paid in money. A transcript of this book, signed by the accountant, to be sent to the Commissioners for auditing the public accounts.

No. 5.—A Draft Book, in which every draft is to be entered so soon as it is filled up by the accountant; the drafts having been so filled up are to be delivered to the Paymasters for signature, and the Paymasters are to deposit the same, when signed, until they may be required by the claimants, in an iron chest, of which no one but the Paymasters are to have keys; this chest being situated within a strong closet, the key of which is to be kept by the accountant. When the drafts are delivered by the Paymasters to the claimant, the initials of the Paymasters so delivering them is to be prefixed to the corresponding sum in the draft-book, thereby denoting it to have been delivered, and by whom.

No. 6.—A Paymaster's Cash Book, to be kept by the Paymasters in their own exclusive custody. In this book every draft is to be entered by the Paymasters on the day on which it is delivered to the claimant; so that on reference thereto the state of the Paymaster's account with the Bank of England may be always correctly ascertained. All sums of money either received by the Paymasters, or transferred to the credit of their account with the Bank, being likewise duly entered.

No. 7.—An Accountant's Cash Book, in which the accountant is to enter the various sums of money paid into the Bank of England to the credit of the Paymasters, with the dates thereof, together with the particulars of the drafts drawn by the Paymasters on the Bank, so as to form an account current, the balance of which may at all times be apparent. The books, Nos. 6 & 7, differ, inasmuch as one is kept by the Paymasters, and the other by the accountant, and they are intended to act as checks on each other. Moreover, the drafts are entered by the accountant in his book at the time of his preparing such drafts for signature, and they are entered by the Paymasters at the time of actual delivery. This book is to be confided to the care of the accountant, subject to the inspection and use of the Paymasters when necessary.

No. 8.—A Warrant Book, in which are to be copied all the Treasury warrants for payments of money to the Paymasters and all letters and orders from the Treasury or elsewhere, together with all answers thereto, and every other official document of which the Paymasters may think it necessary to preserve a copy.

No. 9.—An Account Book, in which every account sent from the office is to be entered.

No. 10.—A Minute Book, in which are to be entered minutes of every transaction of the Paymasters, all occasional regulations of office, all appointments of clerks, and such other matters as shall appear to the Paymasters necessary to be recorded.

No. 11.—A Comptrolling Book, the columns of which are to be similar to those in the Pay Book, No. 4, and all entries herein are to be made from the Bills and lists themselves, and not from the Journal; this book being intended as the check to the Journal.

When the Bills and lists, made out according to the directions mentioned in the public advertisements, are presented at the office, they are to be received by one of the Paymasters, who is to deliver to the party presenting the same a memorandum, signed by such Paymaster, of the amount of the principal and interest of the Bills so delivered. The Paymasters having then ascertained the indorsement to be correct, is to run his pen distinctly across the name of the auditor, and add at the same time his initials, so as to show by what Paymaster such Bills were cancelled. Two of the Paymaster's clerks appointed for that purpose, under the name of Clerks of the Journal, are then to ascertain that each of the Bills has been duly cancelled, as above directed, by one of the Paymasters, and having computed the amount of principal and interest due thereon, are to specify the same on the back of the lists, adding the folio in which they are to be entered in the Journal, and the initials of their names, to certify the due examination of each particular; they are then immediately to make the entries in the Journal as described in the annexed specimen, and having so done, they are to deliver over the parcel, consisting of Bills and lists, to the register-clerk, who, having registered the Bills, is to deliver the parcel to the comptrolling-clerks, by whom the indorsements, the principal and interest due thereon, together with the aggregate number of the Bills contained in each parcel, are to be carefully investigated and certified, and the proper entries made of them in the comptrolling-book; the parcel is then to be delivered to the accountant, who is, as an additional security, to punch a hole through some material part of the Bill, but not that on which the auditor's name is signed; the accountant is then to file the cancelled Bills and deposit the same with the lists in a strong press carefully locked. As soon as the day for receiving old Bills is expired, the accountant is from the indorsement on the list to fill up the check-drafts on the Bank of England for every particular claim, which drafts are to be placed in alphabetical order, for the purpose of enabling the Paymasters more readily to expedite their part of the business. The amount and number of the new Bills required being also ascertained, the first clerk is to make a written report thereof to the Paymasters, who will direct an entry of it in the minute book, and will forward to the Treasury an official application for the same, signed by two Paymasters, together with a statement of the sum that may be required to discharge the several payments to be made in money. The accountant is to procure the new Bills, and to

Appendix, No. 25.

produce the printed label fixed to them, signed by the proper officer of the Issuing Office to the Paymasters, that they may compare the amount therein expressed with the report of the first clerk, and record it in the minute book; the accountant is then, in the presence of some of the Paymasters' clerks, to arrange the new Bills in the respective parcels for the claimants, and the whole of the Bills, so soon as the Paymasters' clerks have ascertained the several parcels to be correct, are to be deposited by the accountant, in the presence of those clerks, in an iron chest, to which the Paymasters only shall have access, where they are to remain till demanded. Two Paymasters must always be present at every payment. The Paymasters having ascertained the correctness of the claims exhibited to them, are to deliver the draft, together with the required new Bills, to the claimant, the receipt having been previously signed by him, at the same time the Paymasters' clerks are to enter such payments in the Pay Book; as a further security to the public, the Paymasters' clerks will also re-examine the old Bills, and ascertain that they are all duly cancelled by the paymasters and the accountant as herein directed, and that the amount of new Bills and Payments made on account of such cancelled Bills is correct. The accountant is to transmit in due time to the Audit Office the annual account, with a list of drafts outstanding on the 5th January, certified by the Paymasters, and at the same time, or as soon after as is practicable, he will also forward to the Audit Office his bank-book for the year of such account, together with the whole of the drafts paid by the Bank at the same period.

SPECIMEN of JOURNAL.

Proprietor's Name.	No. of Bills.	Date of Issue.	Principal.	No. of Days.	Interest.	Total.	New Bills.	Money.

SPECIMEN of Pay Book.

List.	No. of Bills in each Parcel.	Proprietor's Name.	Principal.	Interest.	Total.	New Bills.	Money.

Date.	List.	Proprietor's Name and Address.	No. of Bills.	Date of Issue.	No. of Days.	Principal.	Interest.	Total.	New Bills.	Money.

SPECIMEN of Pay Book.

Date.	List.	Proprietors' Names.	Principal.	Interest.	Total.	New Bills.	Money.

Appendix, No. 26.

Appendix, No. 26. RETURN to COMMISSIONERS of PUBLIC ACCOUNTS, by Mr. *Bedford*, 15th October 1830.

DUTIES of the Auditor's Department for making out and issuing Exchequer Bills.

THIS department is instituted for the management of all business relating to Exchequer Bills, except that of paying them off, for which a separate department under the Lords Commissioners of the Treasury is established.

The first-mentioned business is placed under the sole care of the Auditor, in his character of tally-writer, the Bills having been in the first instance substituted for the ancient tallies of assignment upon the public revenue, which were issued from the Exchequer previously to the receipt of that, and negotiable as the Bills are at the present day.

There are three persons employed in this department—Edward Beaumont Smith, senior clerk; William Bulkeley Glasse, assistant; John Karslake Blake, junior.

The senior clerk gives directions, under the cognizance of the chief clerk, for the manufacture of the paper on which the Bills are printed, and which is made in moulds of a peculiar construction,

construction, under the very strict inspection of a supervisor, deputed by the Auditor to attend the paper-mill during the process, who, among other precautions which he is charged to exercise, is to take care that no single sheet of the paper shall exist beyond the quantity transmitted to the Auditor. Appendix, No. 26.

The senior clerk has the custody of this paper, and keeps a regular account of its use and consumption.

He gives directions for preparing the copper-plates appropriated to each description of Bills, which are printed at the Exchequer under a similar superintendence.

He numbers, indents, dates and separates the Bills from their counterparts and from each other (three Bills being printed on each sheet), and as he is the principal person concerned in making the issue of them, he is responsible for their completion in all the points of numbering, signing, dating and sealing, or stamping, which are necessary to their efficiency, as well as for the safe custody of them.

He also arranges, by means of personal attendance at the Treasury, all requisite business preliminary to the making out of the Bills.

The assistant clerk keeps the book in which are entered all the orders paid out of Exchequer Bills, and one copy (of which, for the sake of accuracy, two are kept in this department) of the book of issues, which, upon reference thereto, shows at one view the number made out of every description of Bills, the number issued, and the number remaining unissued in the hands of the Auditor.

He prepares weekly, for the use of the Treasury, the certificate of Bills, as described in and annexed to the return to Precept 2, and enters a copy of it in the books of this department.

He also assists in dating, indenting, and separating the Bills.

The junior clerk keeps the duplicate of the book of issues mentioned above, makes entries at full length of all warrants for the making out of Bills, of all letters from the Treasury relating to them, and of the contracts formed between the Lords of the Treasury and the Governor and Company of the Bank for the circulation of them.

He sends to the Auditor's department for examining the vouchers of the Tellers, and to that of the Paymasters of Exchequer Bills, a weekly certificate, containing an abstract account of all the Bills issued.

He numbers all the counterparts of the Bills previously to the signature of the latter, and assists in all the business of the department, as his services may be required by the senior clerk.

Under the provisions of an Act (48 Geo. 3, c. 1.), the duty of signing with the name of the Auditor all Exchequer Bills has been committed to the execution of the chief clerk. These, upon an average of the last six or seven years, have amounted to about 43,000 annually; and this duty, though simple and mechanical in performance, requires much attention and caution, and will perhaps be admitted to be laborious.

15th October 1830. (signed) *G. C. Bedford.*

Appendix, No. 27.

CORRESPONDENCE with the AUDITOR of the EXCHEQUER, &c., relative to the Engraving of the Plates for, and the Printing of, Exchequer Bills. Appendix, No. 27.

Mr. *Bedford*'s Letter to Lord *Grenville*.

My Lord, Auditor's Office, Exchequer, 28th August 1833.

WHILE engaged, as I am at present, in the process of signing a very considerable number of Exchequer Bills, which will ere long be wanted for issue, a work which I am always anxious to complete while I can calculate on my own manual ability to perform it, I did not consider the necessity for informing your Lordship of the death of Mr. Suffield, the engraver, sufficiently urgent to interrupt that operation. It was communicated to me the day before yesterday by Mr. Smith, in the letter which I have now the honour to enclose.

I think there can be no question that the more strictly and immediately all the operations connected with the Bills are kept under the eye of the Auditor, the greater must be the security to that important branch of the public service, and I should not feel myself justified in withholding from your Lordship any suggestion for the improvement of that which might emanate from an officer of so much zeal, ability and experience as Mr. Smith.

The scheme which he proposes is recommended by not being altogether novel, for I find by an imperfect account, discovered here a few years ago, of the first institution of these Bills, that the copper-plates from which they were printed were engraved under the immediate inspection of the Right Honourable Charles Montague, the inventor of the Bills, and one of the Lords of the Treasury, in the year 1696. My account states the delivery, by an officer appointed for the purpose, of the plate to the engraver every morning, and the locking it up again in the evening, "when he left off work, that no opportunity might be given to any ill-intended person to make any advantage by taking off a proofe," &c.

The account of the further process of completing the Bills applies in every respect to the practice now in use.

An objection to the offer of a fixed stipend to the engraver may perhaps arise out of the necessity for calling, under the circumstances of the present times, for the interference and sanction of the Board of Treasury, and the delay that may be consequent thereon. It will of course rest with your Lordship to determine upon the weight of this; but I presume to think that if it can be shown that a competent allowance will secure at all times, and on all

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occasions, the exertions of an able artist, and on an average accomplish a saving in the price charged, such an objection might not be insuperable.

Perhaps the offer of 150*l.* a year might induce a young man commencing business to engage in this work.

At all events it may be expedient to insist upon its being executed under the inspection of the Auditor's officers, and under their roof, whether paid for by means of a bill or by salary.

I return to your Lordship Mr. W. Suffield's application for the continuance of his late brother's business in his hands, with the information derived from Mr. Smith, that this person does not profess himself personally competent to the execution of it; and to transmit to your Lordship another application from a Mr. Hebden, who states that he has performed the work in question under the direction of the deceased engraver for the last 12 months, and encloses two examples of his skill. (signed) *G. C. Bedford.*

Mr. *Smith*'s MEMORANDUM referred to in Mr. *Bedford*'s Letter to Lord *Grenville.*

HAVING been favoured with the perusal of Lord Grenville's letter to you of the ultimo, I think it but right to state, that although I was persuaded that needless risk existed with regard to the management of the Exchequer Bill plates, I felt averse to interfere with the plan which had been so long acted upon while the work remained in the hands of so trustworthy and conscientious a person as the late Mr. Suffield, doubting as I did whether my opinions might not be deemed over scrupulous; and being fearful that I might convey an indirect censure upon my predecessors, who were as capable of superintending this department as I can possibly be; but I did, about two years since, as you may recollect, mention the subject to you, and you were pleased to concur with me, that it was not worth while to make any alteration until by the death or removal of Mr. Suffield a change should become necessary; and it was at that time that I took upon myself to adopt additional precautions, by having a box made with two keys (one of which was kept by Mr. Suffield and the other in this department), in which the plates have since been transmitted to and fro when occasion required, but this is not to my mind so satisfactory as it would be to prevent the plates being sent out of the office at all, as there was nothing to hinder the engraver from making an improper use of them, or his intrusting them to a journeyman, or any other person not so much to be depended on as himself.

I have had some conversation with Mr. Hebden, who has done the work for Mr. Suffield this last year, and having shown him the room which I propose to dedicate to the purpose he pronounces it to be suitable in every respect, and that there is no objection to having the whole of the work connected with the engraving executed there, and that the only fittings which will be requisite will be a raised desk, with a chest under it.

With respect to the mode of remuneration, whether the present mode should be continued, or a fixed salary given, I beg to say that in many instances the plates might have been repaired, when only partially defective, (not so much as to render them decidedly imperfect or unsightly), but that I have been deterred by the expense of 12*l.* for each plate, and in some instances the old plates have been worked longer on the same score; whereas if there was an engraver paid for performing the work necessary for this department, I should be better able to keep the plates in such a state of repair as would be more creditable to ourselves and the public, without incurring additional charges.

Mr. Hebden, who has proved himself capable of engraving and altering the plates, proposes to reduce the expense of a new plate (including the copper) from 27*l.* to 20*l.*, the other incidental charges in proportion.

The plan which I would recommend is, that the engraver, on leaving off work, if he should have a perfect plate in his possession, should secure it with a seal, and then locking that with whatever other plates he may have in a chest to be provided for that purpose, afterwards lock the door of the room, and give the key to Peak, who, as he is always on the spot, I should suggest as the most proper person, and whose duty it should be to see that the door is secured.

The engraver employed on the Exchequer Bill plates is strictly enjoined not to allow any person to have access to the room in which he is employed.

He is never to quit the office without first sealing up every plate which may be in his possession, and afterwards securing them in a chest to be kept for that purpose; he will then lock the room-door, and give the key to the chief messenger to the auditor.

As often as he has occasion to open his chest, he is desired to examine the seals on the several plates, to prove that they have not been tampered with, and if he has any doubt on the subject, he is immediately to report the circumstances to the senior clerk in the department for issuing Exchequer Bills.

Lord *Grenville*'s Letter to Mr. *Bedford.*

Dear Sir, Dropmore, 30th August 1833.

Mr. SMITH has certainly judged rightly of his duty, in laying before me, through you, the suggestions contained in his letter; and I have only to wish that he had done so on his appointment to his present situation, if he then saw reason to think that the mode of transacting this business was attended with any avoidable insecurity; what he says on that point appears to me, on my first view of it, perfectly reasonable and just. But the question of giving an appointment for this purpose with a fixed salary, seems to me more doubtful; of this

this, however, I shall better judge by seeing the particulars of one of these annual bills, the nature of the charges, and the form in which they are made out. At all events, I surely can grant no such salary without the express approbation and sanction of the Treasury, which I should not choose to apply for without being myself better satisfied that such a step would be necessary or advantageous for the public service.

The amount of expense to be incurred on this head, either in the form of salary or of annual bills, is, however, a point comparatively of very small importance.

The connexion of this subject with the security of the Exchequer Bills is the primary consideration in any arrangement to be made about it. And on this I must request you, on full consultation with Mr. Smith, to transmit to me a distinct plan, and a draft of such regulations as may be necessary for carrying it into effect. It may be very useful, considering the nature of the subject, that we should learn what course is adopted upon it at the Bank of England, and I cannot doubt that the Governor, or the officer of that establishment principally connected with this business, will readily communicate to you, or to Mr. Smith, all necessary information on that point.

As between Mr. Suffield and Mr. Hebden, as far as I am now informed, my choice would be in favour of the latter; but I will appoint no person to discharge this business without some adequate testimonial to his character and conduct.

Ever, my dear sir,
Most truly your's, &c.
(signed) *Grenville.*

G. C. Bedford, Esq.

Mr. *Bedford*'s Letter to Lord *Grenville.*

My Lord, Auditor's Office, Exchequer, 9th September 1833.

I HAVE the honour to transmit to your Lordship the testimonials in Mr. Hebden's favour, which he has placed in my hands, together with a statement of the charges for which he offers to execute the work that may be committed to him; the reduction in which charges below those which have been made by Mr. Suffield will appear on a comparison with a similar statement, which was furnished some years ago by the latter to Mr. Cracroft. I also enclose, according to your Lordship's desire, copies of the Bills for engraving in the four respective quarters up to the 5th July last.

Of the candidates for this employment, I take the liberty of saying that Mr. Hebden appears to me to be the most eligible; first, because he engages that he will employ his own hand on the work to be entrusted to him, which Mr. Suffield's brother, who has applied to your Lordship, does not profess to do; secondly, because he must be, by a year's practice in the business, to a certain degree conversant with it; and, thirdly, because he undertakes to perform it by less complicated means than the other candidate, Mr. Sears, who requires the erection of a turning lathe, for effecting the occasional requisite alterations in the plates, in the use of which machine I believe engravers generally employ other operators,—a circumstance which, as it would obviously multiply the hands to which those plates must at times be entrusted, cannot but be objectionable.

The plan which Mr. Smith proposes for the security of the plates during the process of engraving is very simple, and only involves the allotment of a room, already belonging to this department, and in every way adapted to the purpose, to the use of the artist, who should be strictly enjoined to observe there a state of perfect seclusion during his hours of work, and to admit no intrusion into it. He should also be required, on leaving off work daily, to lock the plate actually under his hands, after sealing it up, among the other plates, in a chest to be provided for that purpose, and to deposit the key of the room-door with the Auditor's first messenger, resident in the Exchequer, under whose care the security of this room from fire and access of strangers is already placed in common with the other apartments belonging to the Auditor.

I am inclined to think that this plan will afford all requisite security, and will be easily executed. I have not as yet had an opportunity of communication with the Bank of England, for the object of learning the regulations observed there during the construction of notes, &c., but will lose no time in endeavouring to ascertain them. I only know that they are very strict, perhaps more strict than may be necessary in our case, where the papers under manipulation are so much less numerous, and where our very limited and inconvenient building might render similar regulations impracticable. The extensive scale on which that establishment carries on its operations, its command of space for its offices, and its uncontrolled power of appointing any number of officers, afford facilities for carrying into effect the wishes of the Governor and Company, which we have not.

(signed) *G. C. Bedford.*

Lord *Grenville*'s Letter to Mr. *Bedford.*

Dear Sir, Dropmore, 11th September 1833.

I RETURN you the papers which you have transmitted to me respecting the charges and bills for engraving. Mr. Hebden's testimonials, which I also return, appear to me to be satisfactory; and I agree with you in thinking, that of the two whose names have been before me, he is the fittest to be appointed; but I have some difficulty in forming any judgment as to the reasonableness of the charges on which he now proposes to execute the business. I will request you to transmit to me a draft of regulations for executing the plan now proposed to be adopted for the security of the plates. I shall think it right to sign them

 myself,

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myself, and to direct them to be entered on the books of the office. I can readily imagine that the extensive scale of such business at the Bank may require a system more operose and complicated than would be necessary in the case of the Exchequer.

But before the business is finally decided upon, I should wish to know at least the principle on which they act in this matter.

Ever, dear Sir,

G. C. Bedford, Esq.

Most truly yours, &c.

(signed) *Grenville.*

Mr. *Bedford*'s Letter to Lord *Grenville.*

My Lord, Auditor's Office, Exchequer, 18th September 1833.

I HAVE not been able since I had the honour of receiving your Lordship's last commands, to make an opportunity for personal communication with Mr. Rippon, the chief cashier of the Bank, until the day before yesterday, when that gentleman most kindly and frankly informed me of the principle and detail of the regulations observed there in the preparation of notes, &c. The principle is simply that of entire and effectual separation of the mechanics engaged in that business from all other persons belonging to the Bank. Several contiguous apartments are allotted to their use, and one door controls the access to these, which is locked during the whole course of the work. As this is constantly in progress, many persons are of necessity simultaneously employed; and both the departments of engraving and printing are placed under the management of masters who are made responsible for the operations of their men, and receive each a weekly sum for payment of the wages these latter and of themselves. So far they may be considered as salaried servants of the Bank.

At the conclusion of each day's work, the key of the controlling door of access to the working rooms is lodged with the chief cashier; and he, if present, or some competent officer in his absence, ascertains, by inspection, that it is locked before he quits the Bank.

The notes, when completed in all respects, and ready for issue, are deposited in a place which is rendered, by its mode of construction, completely fire-proof.

I showed to Mr. Rippon a sketch of the substance of the regulations to be observed by the engraver and printer here, which I have now the honour to submit to your Lordship, and requested his observations and criticism upon them. He appeared somewhat surprised at their resemblance to those adopted at the Bank, and declared, after some consideration, that he could suggest nothing for increasing their efficiency, nor any thing in improvement of our subsequent custody of the Bills, of the circumstances of which I informed him, except the addition of a depository for them that might afford a perfect security against fire. This, considering the inattention which more than one Board of Treasury has evinced to your Lordship's repeated representations on the state of the whole edifice of the Exchequer, and what has transpired of the sentiments of the present Board towards the establishment itself, I fear would not be obtained, but I think that a substitute for it, in the shape of a double iron receptacle, which might be of partial improvement in their keeping, and protect them from total destruction, though not perhaps altogether from damage, might be devised. If I find that this object may be accomplished by these means, I propose, with your Lordship's approbation, to give directions, through the usual channel, for the immediate construction of such a depository.

The preservation of the Bills in any legible state after injury by fire would certainly prove a security against the confusion which must inevitably be caused by their destruction, and against that vague but injurious popular suspicion that might attach to those which, in the event of such an accident, must be substituted for them.

The purport of the regulations for the printer, which I have the honour to enclose, was communicated to him early in last year, as an authority for preventing the resort to the press-room of many of the inferior officers of the Exchequer, who were attracted to it by its warmth while occasionally taking their refreshments, but whose presence he stated to cause great hindrance to his work. These regulations have effected the object proposed, but I have put them in the form in which I now beg leave to submit them to your Lordship, in order, by assimilating them to those given to the engraver, to make the same rules equally binding on both; and to prevent any doubt or cavil upon the identity of their object, which might arise out of difference in the language employed in their construction.

A sudden occasion having yesterday arisen for the immediate employment of an engraver, I have put the work to be performed into the hands of Mr. Hebden, giving him to understand that he is to take it merely as a contingency, and not as a pledge of his probable appointment as engraver. It is to be executed here conformably with the proposed regulations.

(signed) *G. C. Bedford.*

REGULATIONS to be observed by the Engraver of Copper-plates for Exchequer Bills.

AN apartment being allotted to the occasional use of the engraver of copper-plates for Exchequer Bills, he is required to observe the following regulations:—

The whole of his work, from the commencement to the conclusion, is to be performed in the above-mentioned apartment; and during the process he is to keep himself there in a state of perfect seclusion, admitting no access whatever, except that of the officers, from whom it may be necessary that he should receive directions.

At

At the termination of each day's work he is to seal up the plate on which he may be engaged; and after securing it in an iron chest kept for its reception, he is to lock the door of the room, and to deposit the key thereof with the Auditor's first messenger. He is to place the key of the chest containing the plate or plates in a box, of which the senior clerk in the issuing department, and himself, shall have duplicate keys, and to deliver it so enclosed to that officer. Appendix, No. 27.

On every occasion of opening the chest containing the plate, he is strictly enjoined carefully to examine the envelope, and the seal upon it; and if these shall betray any appearance of an attempt at the violation of the security of the plate, he is, without a moment's delay, most strictly enjoined to report that circumstance to the senior clerk in the department for issuing the Bills, or to the Auditor's chief clerk.

Failure in attention to any of these regulations will be followed by immediate dismissal.

(signed) *Grenville.*

REGULATIONS to be observed by the Printer of Exchequer Bills, &c.

THE printer is enjoined never to leave the printing-room while the printing of Bills or other documents relating to the Exchequer may be in progress, without first locking the door, and keeping the key in his own possession. He is not to permit any person who is not actually employed in the business on which he may be engaged to be present in the printing-room during the process of printing. He is required before he quits the press, after the completion of his day's work, to seal up the plate or plates on which he may be engaged, and after securing it in a chest kept for its reception, he is to lock the door of the room, and to deposit the key thereof with the Auditor's first messenger. He is to place the key of the chest containing the plate or plates in a box, of which the senior clerk in the issuing department and himself shall have duplicate keys, and to deliver it so enclosed daily also to the Auditor's first messenger, from whom he will receive it on the renewal of his work.

On every occasion of opening the chest containing the plate or plates, he is strictly enjoined carefully to examine the envelope, and the seal upon them; and if these shall betray any appearance of an attempt at the violation of the security of the plates, he is, without a moment's delay, most strictly enjoined to report that circumstance to the senior clerk in the department for issuing the Bills, or to the Auditor's chief clerk.

Failure in attention to any of these regulations will be followed by immediate dismissal.

(signed) *Grenville.*

Appendix, No. 28.

MEMORANDUM—As to the Preparation, Deposit, and Issue of Exchequer Bills in the Department for making out and issuing Exchequer Bills under the Auditor; written by Mr. *Edward Beaumont Smith* in 1834. Appendix, No. 28.

THE process of preparing an Exchequer Bill from its origin until its completion is carried on entirely in this department.

The establishment as well as the duties of each individual will be detailed hereafter, and each officer will appear incidentally in his official capacity in the following outline.

The moulds for making the Exchequer Bill paper (which are made by a Mr. Brewer, and usually last about ten years) containing the word "EXCHEQUER," as a water-mark, are kept under lock and key in this department, and, when required for use, are delivered to the "supervisor" by the senior clerk, with orders to procure a certain supply of paper from Messrs. Harris & Tremlett, of Countess Wear Mills, near Exeter, appointed by the late Auditor to manufacture the Exchequer Bill paper, which when made is brought to the Exchequer, and each ream being separately examined to see that the seals are perfect, it is secured under lock and key, and an account is kept in a book provided for that purpose of the amount of paper in hand, and of the purposes to which it is from time to time applied. It is usual to keep about a year's supply on hand, so as to guard against accidents or a change in the rate of interest, and also because the paper itself is better for being some months' old. It is supplied once a year, May or June being the most favourable time for making it; the weight is 25 lbs. per ream, and the price 55 *s.*

The public service requires that this department should not wait until an Act of Parliament is passed, and a Treasury warrant issued, authorizing the issue of Exchequer Bills, but as soon as the intentions of the Government are known, and a Bill brought into the House of Commons for that purpose, measures are taken in this department to prepare them. Cases have occurred where the Exchequer Bills have been issued on the day after an Act of Parliament has passed authorizing them to be made out.

The senior clerk gives directions to the engraver to alter such plates as can be made serviceable, or to engrave new plates if requisite, and he immediately proceeds to work. Until the latter end of last year, when the late engraver, Mr. Suffield, died, this part of the business was performed at his own house, and there was a degree of insecurity and want of caution in allowing the plates to be transmitted to and fro between the Exchequer and

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the engraver, and they were liable to be improperly used (although there never has been the slightest reason for supposing that they have been so used) either by himself or his journeymen. In the year 1831 the senior clerk alluded to this in a paper transmitted to Mr. Bedford, the chief clerk to the Auditor, and on the death of Mr. Suffield, a representation was again made to Mr. Bedford, and by him transmitted to the Auditor himself, who was pleased to adopt the suggestion, of having the work performed under certain restrictions within the walls of the Exchequer, since which it has been so done. The restrictions refer to a perfect seclusion to be observed during hours of business, and to the secure deposit of the plates on quitting the engraving-room.

An Exchequer Bill plate consists of six Bills, three of which are Issuing Bills, and the corresponding three are counterparts, which will be alluded to hereafter. The charges for engraving, erasing, and altering the plates were maturely considered and settled by the late Auditor on the appointment of the present engraver, Mr. Hebden, who had been for some time an assistant to the late Mr. Suffield. The cost of a new Exchequer Bill plate, including the copper, is now 20*l.* Previously to printing, a quantity of paper is delivered to the printer, and an entry is made in the book kept for that purpose. It is now cut or ploughed, as it is technically called, at the top, by the superintendent of printing, and the printer sets to work. The Bills are of different value. They are usually 1,000*l.* (black), 500*l.* (blue), 200 *l.* (green), and 100*l.* (red). He generally prints about 167 sheets, or 500 Bills (if they are black) in a day, but the coloured Bills take more time. It occupies from six weeks to two months to provide for one of the large payments for exchange to the Paymasters of Exchequer Bills, consisting of 16,000 or 18,000 Bills.

As soon as a book containing 500 Bills is printed (which is done at the Exchequer), the number of sheets is checked by the superintendent, and being by him stitched together, it is again ploughed at the side and bottom, and put into a screw-press until it is required for the purpose of being numbered. The present printer, Charles Worley, is upwards of 65 years of age, and has faithfully performed the duty for 37 years.

The junior clerk now takes the book of Bills in hand, and numbers the counterparts, beginning with No. 1, in each description of Bills under every Act. These are copies of the issuing Bills, with these exceptions, the value in figures is not inserted as in the issuing Bill: there is no check or counterfoil on one side, nor is there a water-mark, nor are they dated, signed or sealed. These omissions would have the effect of preventing their being circulated, should they fall into improper hands.

By the Act 48 Geo. 3, c. 1, ("For regulating the Issuing and Paying off Exchequer Bills,") it is enacted, that the counterpart should be delivered to the Paymasters of Exchequer Bills, and that they should have the custody of them until their accounts should be passed by the Auditors of Public Accounts, when they should be returned to this department to be cancelled: this has never been done: the counterparts have remained in this department, being always accessible to the Paymasters when they require it. That part of the Act has never been complied with: should not the law be observed or altered?

When the counterparts are numbered, the senior clerk numbers the issuing Bills, preparing as many of each as appear to him likely to be required for the exigencies of the public service.

Each sheet is now cut by the junior clerk down the middle of the counterfoil in an irregular line, thus separating the issuing Bills from their counterparts, and great care is taken to examine the numbers of each, to see that they correspond with the counterparts, and that they are correctly and progressively numbered.

The Bills are now ready for signature, and, although, strictly speaking, the signing the Bills by the Auditor is the act which gives them validity, and is supposed to be the last thing done, yet it *now* takes place, because, from the immense number of Bills required at a short notice, it would be impossible that they could be signed on the day when they are issued. Still no Bills are ever signed until the Act authorizing their preparation has passed. An account is kept in a separate book, of the number, value, and description of Bills sent to the Auditor for signature, and of the day on which they are received from him. The signatures are immediately examined by the clerks, and, being now affixed, afford another opportunity for examination, while undergoing the process of sealing or stamping with a dry seal, which is done by the superintendent, who carefully examines them as they pass through his hands. The form and inscription of the seal has never varied from the original seal in 1696, with the exception of the date of the year, which makes a new seal requisite annually. The motto professes to be in Latin, and is as follows: "Sigillum Bill. in Scac. 1834." Until 1817 all Exchequer Bills bore date on the day of issue, and were previously sealed; but since the various Acts for Public Works, Churches, West India Bills, &c., they are frequently antedated, but the date of the seal is always that of the year in which they are issued.

The Bills are now deposited in the Exchequer Bill chest until they are required for the purpose of being dated. The present chest is nothing more than a closet, with two half-inch wainscot doors, furnished with two ordinary locks and two bolts: it is also protected by an iron plate, which might be an impediment to the use of a centre-bit by thieves, but offers no security in case of fire, and would not prevent the locks or bolts being forced. The greatest inconvenience would arise should the Bills in the chest be burned after they are dated, and cut out ready for one of the large exchanges, for it would be impossible to replace them within a month or six weeks, and it might happen that some of the Bills remaining in the chest might escape uninjured by the fire, and fall into the hands of persons who would not hesitate to circulate them.

Some months since a requisition was sent by Mr. Bedford to the Board of Works for an iron fire-proof chest; surveyors came from that office, examined the premises, and determined upon

upon a secure place capable of sustaining the weight, and forwarded to the Board an estimate of the probable expense, when the Board adjourned further consideration for the present.

The next subject for consideration is the custody of the Bills. Previously to the appointment of the present officers, the keys of both locks were in the hands of every clerk in this department, and the chest was, of course, accessible to any of them at all hours. This highly objectionable practice was superseded by an arrangement which then took place, with the sanction of the late Auditor, as a temporary measure; and the keys of one of the locks were given to the Auditor's chief clerk, and a key of the other lock to each of the clerks in this department; so that Bills once deposited in the chest cannot be obtained without the intervention of the chief clerk. This is decidedly an improvement on the former system; but as the senior clerk in this department has ever been held responsible for the safe custody of the Bills, as appears by returns made to the Treasury, and to more than one Finance Committee, and the chief clerk to the Auditor has the power of opening the chest with the consent of any of the clerks, and the senior clerk has not that power without the sanction of the chief clerk, ought not the chief clerk to be the responsible person?

These observations are made with a view to ascertain precisely what is the nature of the duty, and the extent of the responsibility of each, and by no means with a desire to cavil at existing arrangements.

An iron fire-proof chest is indispensable with two good locks, which, for the sake of distinction may be called A and B. The key of lock A might be given to the deputy comptroller, or the chief clerk, and the keys of lock B to the clerks of this department (one to each) as at present; or a key of each lock might be given to the senior clerk, and a key of lock A to the assistant, and a key of lock B to the junior; or a key of lock A might be given to the senior clerk, and a key of lock B to the assistant and junior, so that the senior clerk could not open the chest without the presence of another clerk, and no person could do so without the sanction of the senior clerk. By either of these arrangements, and a decidedly understood responsibility on some one individual, a sufficient degree of security might be attained.

The next subject is the issue of Exchequer Bills.

An Act of Parliament having passed authorizing a grant of Exchequer Bills, a warrant is prepared at the Treasury, and forwarded to this department, directing that certain Bills should be made out; it specifies the Act which authorizes it; it contains a prescribed form or scrip in conformity with which the Bills are to be made out; it states the authority which, from time to time, will be necessary to sanction the several issues, and directs that the Bills shall bear date, according to the circumstances, either on the day of issue, or according to the tenor of certificates, to be forwarded from certain commissioners. All which points it is the duty of the senior clerk to attend to, and to see also that the directions contained in the Treasury warrant are borne out by the Acts of Parliament, in which case this department is prepared to meet all demands, and on the production of the proper authorities, from time to time, the requisite number of Bills are taken out of the chest upon the responsibility of the senior clerk, the chief clerk attending with his key, and the chest is closed as before. The Bills are now dated, all the clerks assisting, according to the instructions received, and then each sheet being divided into the three Bills which compose it, they are minutely examined as to number, signature, seal and date, by the senior clerk, and being first entered in the Issue-book, the Bills are delivered either to the parties who are the bearers of the requisite authorities, or are forwarded to the Tellers, according to the nature of the case, together with a list of the Bills of which the issue consists.

For the sake of distinction the issues may be called "regular," and "occasional." The regular issues consist of those Bills which are for the service of the year, such as to the Army, Navy, Ordnance, Paymasters of Exchequer Bills, and to the Bank of England. These at present are all made through the medium of the Tellers, and are sent to them, tied up in bundles, by a messenger, obviously a very unguarded and improper mode, but very easily to be remedied, by making boxes with locks the means of transmission, a key to be kept in each department.

When the Bills reach the Tellers, they are there carefully examined, and if, as will sometimes unavoidably happen, any Bill is imperfect or incorrect, it is returned to this department to be rectified, and when the whole appear to the Teller to be correct, he gives a receipt, signed by the deputy Teller, acknowledging the amount, and stating the numbers, value and description of the Bills, which is an acquittance to this department. By the abolition of the Tellers this very valuable check is lost. The only means of guarding against error which at present suggests itself is, that the Bills shall be subjected to an additional examination before they quit this department.

The occasional issues are under several Acts of Parliament for carrying on Public Works, Churches, West India Relief, Irish Public Works, and Irish Tithes, and the Bills are given to bearers of certificates from certain commissioners or from the Treasury, without the intervention of any other department. A receipt is given on the back of the certificate describing the Bills as directed in each.

The Bills have now been traced from their origin until this department has done with them. It now remains to state in what manner the accounts are kept, and what books are used in this department.

All warrants and contracts with the Bank of England are entered by the junior clerk in a book kept for that purpose, called the Warrant Book. Of these a perfect set, from the year 1696, is in this department.

There are two Issue Books exactly similar, one of which is kept by the assistant and the other by the junior clerk, as a check upon each other. In these is kept a register of each description of Bills, showing the amount made out under each Act, distinguishing that of

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each denomination of Bills; every issue as it occurs is entered under the proper head, and the number of Bills of each denomination being added to those already issued, gives the total number of Bills issued; and the sums corresponding in value with the Bills being deducted from the remains of each denomination give the amount remaining in each column, and in the last column the total amount of the issue being deducted from the total remains gives the sum remaining unissued. This set of books is complete from the commencement.

There is also a rough day-book in which the entries are made from the Exchequer Orders authorizing the issues. These entries form the groundwork of the weekly Certificate Book, which is kept by the assistant clerk, whose duty it is to send to the Treasury every week a certificate according to a prescribed form, which is first entered in this book. This set is perfect with one exception.

There is also an Examiner's Certificate Book, which contains a copy of the certificate sent weekly to the examiners of Tellers' vouchers, of every issue of the past week.

A certificate is also sent weekly to the Paymasters of Exchequer Bills, showing the numbers, value and description of the Bills issued in the past week.

Certificates are received from the Paymasters weekly, detailing the amount of each description of Bills cancelled in the past week: these are preserved in a book.

These books, with the addition of the Signing Book, Exchequer Bill Paper Account Book, and an Abstract Book, containing the amount of weekly issues, cancelled and outstanding Bills, are all the books which are kept in this department.

The establishment consists of three clerks, viz. senior, assistant and junior. Their several duties will be found in detail, as extracted from the return made to the Finance Committee, upon whose report the Act for regulating the Exchequer is founded. Although it might be possible for two persons to perform the actual labour, yet, as for the sake of security two persons should on all occcasions be present, it would be impossible, if the clerks were only two in number that this could always be the case in the event of illness or occasional absence of one.

The business of this department has increased within the last few years at least one-fifth, owing to the issue of Bills for public works, &c., and more particularly to the West India Relief Bills, which, by Act of Parliament, are made out in Bills of 100*l.* and 50*l.* each, entailing an annual increase of 10,000 Bills, as they will have to be exchanged at the periodical payments.

The accommodation required for the business of this department is as follows, viz.—Two rooms, fitted with an iron chest and closets, are indispensable, as it is highly objectionable that any stranger should be admitted into the room where the Bills are in progress, an instance having once occurred, when there was only one room for the whole business, of a sheet of Bills having disappeared, which was never after traced or recovered.

A room for the engraver.

A room for the printer. All which should be contiguous. At present the counterparts are secured in presses, under lock and key, in the engraver's room; but when their ultimate destination is determined, proper presses must be secured somewhere for their deposit.

A messenger to attend this department, whether one on the general establishment, or particularly allotted to this, is requisite.

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EXTRACT from the TREASURY MINUTE, dated 19th September 1834.

MY LORDS proceed to consider those branches of business now performed at the Exchequer which will continue to be under the superintendence of the Comptroller.

The first is the preparation of Exchequer Bills. This duty is now performed by three officers, Mr. Smith, Mr. Glasse, and Mr. Blake. The second of these gentlemen, Mr. Glasse, is desirous to retire. My Lords understand that Mr. Chisholm has been employed in the office, and is competent, from his abilities and experience, to perform Mr. Glasse's duties.

Considering the importance of the business of this branch, and the necessity of experience and accuracy in carrying the details into execution, My Lords are of opinion that they shall pursue the course most advantageous to the public service by continuing the present mode of conducting the business, until the Comptroller shall have had the opportunity of making himself acquainted with the whole of the arrangements, and shall be able to advise My Lords on the subject. They, therefore, propose that Mr. Smith, Mr. Chisholm, and Mr. Blake shall continue to perform this branch of the business of the Exchequer, under the direction of the Comptroller, receiving the emoluments which they now receive; and that at the termination of one year the Comptroller shall report to My Lords fully on the subject, both as regards the manner of conducting the business, the number of persons required, and the distribution of the duties. My Lords desire that the Comptroller will turn his attention to this subject, and more particularly will consider whether, by an arrangement which may, when the pressure of business is great, give temporary assistance to this branch from the other part of the establishment, a reduction of the present permanent number of offices may not be effected.

Appendix, No. 30.

CORRESPONDENCE between the Comptroller-General and the Paymasters of Exchequer Bills respecting the Custody of Counterfoils, dated 6th and 7th November 1834. Appendix, No. 30.

COPY of LETTER from Mr. *Eden*, Assistant Comptroller to the Paymasters of Exchequer Bills.

Office of Comptroller-General, Exchequer,
6 November 1834.

Gentlemen,

IT is enacted by the 48 Geo. 3, c. 1, s. 7, that the person or persons appointed to pay off Exchequer Bills shall, from time to time, have the use and *custody* of the cheques or counterparts, to be delivered back into the receipt of Exchequer when the said Bills shall have been paid off.

The Comptroller-General begs leave to call your attention to the present practice of leaving the cheques or counterparts in the office for issuing the Exchequer Bills, either that the clause in the Act may be complied with so far as this office is concerned, or, if that is inexpedient, that measures may be taken for the alteration of the clause.

I am, Gentlemen, your obedient servant,

(signed) *Arthur Eden.*

COPY of LETTER from the Paymasters of Exchequer Bills to Mr. *Eden*, Assistant Comptroller, dated 7th November 1834.

Sir,

Exchequer Bill Office, Nov. 7th, 1834.

WE have to acknowledge the receipt of your letter of the 6th instant, calling our attention to 48 Geo. 3, c. 1, s. 7, whereby it is enacted, that the custody of the cheques, indents and counterfoils of all Exchequer Bills should be with the Paymasters, until such Bills shall have been paid off or discharged, and the account thereof audited and allowed.

We beg to state to you, for the information of the Comptroller-general, that we are prepared to receive such counterfoils, &c. as may be now the cheques of Bills not yet paid or discharged; as also, from time to time, the counterfoils of all other Bills, on the issuing of the same.

We have the honour to be, sir,
Your very obedient servants,

(signed) *Jn° Hy Latham.*
H. Jadis.

Appendix, No. 31.

COPY of INSTRUCTIONS to *Richard Gower*, Supervisor of the Manufacture of Exchequer Bill Paper. Appendix, No. 31.

THE moulds for the Exchequer Bill paper being placed in your hands, you are to keep them always in your custody, and not to permit any person to have access to them, except in your presence.

You will take them out of their case at the commencement of every day's work, and when that is concluded, return them into it, locking the case, and either carrying it to your lodgings for the night, or depositing it in some secure place in the paper-mill, of which place, if it can be furnished to you, you will require to have the key delivered to you.

You are not to quit the workmen while they are at their work, for any space of time, however short, without locking up the moulds in the case for the time of your absence from the work, in order that no single sheet of the paper shall be made except in your presence.

Whenever any sheet of the paper may be declared to be faulty, or unfit for use, you are to require that it be delivered to you, and you are to destroy it immediately with your own hands.

You are to keep an account of the number of sheets of paper made in each day, as soon as that can be ascertained; and when it can be moved into a place of safety, you are to consider it as under your care, and not to allow any person to have access to it for any purpose whatsoever, except in your presence.

When the whole quantity of paper which may be ordered, shall be manufactured, you are to see that it corresponds with the number of sheets stated in your account to have been made in each day, and you are to consider yourself responsible for its security.

When the paper, or any portion of it, is to be conveyed to the Exchequer, you will seal up each separate bundle of it with the seal which is placed in your hands, and you will require the proprietor of the mill to place his seal upon it also.

Appendix, No. 31.

You will apply to the proprietor of the mill, requiring him to afford you all the means in his power for carrying as nearly as possible these instructions into execution; and if any difficulty shall occur, you will immediately make it known to my chief clerk by a letter addressed to the Exchequer.

Office of Comptroller General, Exchequer, 3d June 1835.

(signed) *John Newport*, Comptroller General.

Appendix, No. 32.

Appendix, No. 32.

COPY of REPORT from the Comptroller-General of the Exchequer to the Treasury, dated 10 October 1835.

Comptroller's Office, Exchequer, 10 October 1835.

My Lords,

WITH reference to your Lordships' minute, dated 19 September 1834, by which I am instructed to report at the end of the year upon the establishment and conduct of business in the department of Issue of Exchequer Bills in this office, I have the honour to inform your Lordships, that I cannot consider the present establishment of three persons as more than adequate to the due discharge of its business where such extreme accuracy is required; and in which office, for the security of the public, not less than two persons should always be present, and one of three, as will be shown hereafter, must be occasionally absent on the public service; I may add, that the actual services of the whole three are required for some time in the preparation of the Bills previously to their exchange.

The establishment of the Comptroller's Office is also so small, that assistance has been occasionally required and given to it from the Exchequer Bill department.

I will now proceed, as your Lordships direct, to state the distribution of the duties of those employed in the office. It is the duty of the senior clerk to give directions for and to see to the preparation of the paper of peculiar manufacture used for the Exchequer Bills, and to take proper precautions that not a single sheet of this paper shall exist beyond the quantity transmitted to the Comptroller's Office; he has then the custody of it, and keeps a regular account of its consumption; he also gives directions for preparing the copper-plates appropriated to each description of Bills which are printed at the Exchequer, and the plates are engraved there under his orders; he numbers, dates and separates the Bills from their counterparts, and from each other; he is responsible for their completion, as to their being numbered, dated, sealed and signed; he also arranges, by personal attendance at the Treasury, all requisite business preliminary to making out the Bills.

The assistant clerk keeps the book in which are entered all the payments made in Exchequer Bills, and also the book of issues, which, upon reference, shows at one view the number and amount of every description of Bills under each Act, the number issued, and the number remaining to be issued; he prepares every week for the use of the Treasury a certificate of Exchequer Bills, containing a statement of Bills outstanding at the commencement of the week, the amount issued to the public, the amount paid off by the paymaster during the week, and the amount outstanding at the end of the week, which statement he enters in the books of the office; he also assists in numbering, dating and separating the Bills, and does all the duties, and has all the responsibility of the senior clerk during his occasional and necessary absences.

The junior clerk keeps a duplicate of the book of issues mentioned above, of which, for accuracy, two have always been kept in this office, he making his entries from the letters of direction, which are afterwards compared with the entries made by the assistant clerk, taken from the warrants themselves; he also enters in the books of the office all Treasury warrants for the making out of Bills, all letters from the Treasury, and the contracts formed between the Lords of the Treasury and the Governor and Company of the Bank of England for the circulation of the Bills; he sends to the Paymasters of Exchequer Bills a weekly certificate containing an abstract of all the Bills issued during the week, as well as a weekly certificate to the accountant in the Comptroller-general's office of the amount of Bills issued during the week for the public service; he numbers all the counterparts of the Bills previously to their signature; and assists in the general business of the office. Further, I have to state, that whenever there is an issue of Bills to the Bank of England, it is the usage for these Bills to be delivered there by one of the gentlemen of this department: there have been issued during the year from 10th October 1834 to 10th October 1835, 48,434 Bills, amounting to the sum of 50,737,606 *l.*

Since the office has been under my control, I have carried into effect so much of the 48 Geo. 3, c. 1, as relates to the custody of the counterparts by the Paymasters of Exchequer Bills; and for better security, all Exchequer Bills, when signed in preparation for the exchange, are now deposited in an iron chest, of which there are two keys, one kept by myself or the Assistant-comptroller, and the other by the senior clerk of the Exchequer Bill department.

I must further call the attention of your Lordships to the salaries of this department which are at present unsettled; and I beg leave to recommend that they be placed on the scale of the Comptroller's Office, as settled by Treasury warrant, dated 9th October 1834. The senior clerk receives at present 600 *l.* per annum; I should propose that his successor be

be placed on the same footing as the accountant, 500 *l.* per annum, increasing 5 *l.* per annum to 550 *l.* Appendix, No. 32.

I should recommend that the first assistant-clerk be placed on the same footing as Mr. Frederick, the first clerk in my own office, commencing at 250 *l.* per annum, and increasing 5 *l.* a year to 300 *l.* per annum. The present first assistant-clerk has been in the office ten years and three quarters.

I should also propose that the second assistant-clerk be placed on the same footing as the fourth clerk in my own office, as to the maximum, but beginning at a lower salary; that is, to commence with 100 *l.* per annum, increasing 5 *l.* a year to 175 *l.* The present second assistant-clerk has been in the Exchequer six years and a half.

(signed) *John Newport,*
Comptr-General.

Appendix, No. 33.

COPY of INSTRUCTIONS to the PRINTER of EXCHEQUER BILLS. Appendix, No. 33.

You are strictly enjoined never to leave the printing room while the printing of Exchequer Bills is in progress, without first locking the door, and keeping the key in your own possession.

You are desired not to permit any person, who is not actually employed on Exchequer Bill business, to be present in the printing room during the progress of printing.

You are required, before you quit the office after the completion of your day's work, to affix the seal marked "Exchequer Bill Plates," either on string or paper, round the plate or plates which may be in your custody, sealed up in such a manner as to make detection certain, in the event of the plates being improperly used during your absence; and, in the event of your discovering or entertaining any doubt that such improper use has been made of the plates, you are immediately to report the same to the senior clerk in this department.

You are most strictly required to pay attention to these instructions, as any neglect on your part will subject you to immediate dismissal.

(signed) *E. Beaumont Smith,* Senior Clerk.

I approve of the above Regulations.

(signed) *Ashᵉ Bulley,* Chief Clerk.

Office for issuing Exchequer Bills,
18th August 1836.

Appendix, No. 34.

MEMORANDUM of the steps taken in the Office of Paymasters of Exchequer Bills, upon an Exchange, &c. of Exchequer Bills. Appendix, No. 34.

[1] Also overdue Bills, being Bills which were not presented in time to be renewed at any previous payment but which are now at any subsequent payment received to be renewed, the interest on them ceasing from the day on which they had been advertised to be paid off.

[2] Overdue Bills also, where granted under different Acts, are kept in separate lists.

[3] Bills granted under different Acts may be included in the same memorandum, but not Bills now advertised with overdue Bills, nor Bills to be paid off in money with Bills to be renewed.

1. The Bills advertised to be paid off[1] are received in the public office, between the hours of half past ten and two, on the days specified.

2. The clerks see that the parties presenting them have complied with the instructions for making out the lists, memoranda, &c., especially that Bills granted under different Acts have been kept in separate lists, and that Bills now advertised have not been mixed with overdue Bills;[2] that every Bill is endorsed by the party in whose name it is presented, and by any party to whom it may have been specially endorsed.

3. The Bills with their lists and memoranda[3] are conveyed by the parties presenting them to the Paymasters', room.

4. The paymaster having signed the memorandum, returns it, as his acknowledgment of having received the claim therein specified to the party presenting it, and having cancelled the Bills, delivers them, wrapped in the list, to the register clerks.

[1] Prompt

5. The

Appendix, No. 34.

5. The register clerks value the Bills of each parcel, and endorse its list with the supply under which the Bills have been granted, with the name of the claimant, with the amount of principal to be discharged, and whether by money or by new Bills; if the former, whether by prompt[1] payment or not; if the latter, by what number of Bills of each value, £.1,000, £.500, £.200 and £.100.[2]

6. Each parcel of Bills, with its list tied to it, is given to the chief journal clerk; he sees that the number of days the Bills have run, and the interest due, are correctly stated within the list; he carries out such interest on the face of the list below the endorsement of the principal by the register clerks, and makes a total of principal and interest.

7. Then, the assistant-journal clerk goes through the Bills of each parcel, seeing that they are of the supply endorsed upon the list, that their numbers, individual value and dates are correctly stated within it, that together they make the principal claimed; that they stand in the order in which they are entered[3] upon the list, and that every Bill is endorsed correctly, and cancelled.

8. The comptrolling clerk ascertains from the Bills, without regarding the interior of the list, the amount of principal of each date, which, with the interest due upon it, he carries out upon the list, comparing his total of principal and interest with the endorsement of principal by the register, and endorsment of interest by the chief journal clerk. Also he sees that the Bills are correctly endorsed and cancelled.

9. These duties are carried on from day to day, as the Bills are received.

10. The time for receiving Bills to be exchanged having expired, every Bill having been cancelled, and every parcel valued, and its list endorsed by the register clerks, the claims are separated into the various supplies, and each supply is alphabetically arranged.[4] In which order, the number of the list, that is. the number under which they will be entered in the official books, is affixed to them, and, the duties before detailed being completed in this numerical order, they are entered in the Journal and Check-books.

11. The Check-book states the day the Bills were presented to be paid off, the number of the list, the names of the claimant, the amount of principal and of interest paid, and the total, and distinguishes the amount exchanged for new Bills from the amount paid in money.

12. In the Journal, in addition to the above, are entered the number and value of each Bill, its date, the number of days it has run, and the claimant's address. And on the face of each list is entered the folio of the Journal in which it will be found.

13. The registering of the Bills is proceeded with by the register clerks in their registers; under the supply under which it has been issued are entered the date, value and number of every Bill so issued, and to every number is now affixed by them the number of its list or entry in the Journal and Check-book.

If they have a doubt of the validity of a Bill, their duty is to compare it with its counterfoil.

14. From them the accountant receives the Bills, which, being punched, he values and files, attaching to each parcel a parchment label, stating the number of its list,[5] the name of the claimant, and the amount of principal.

15. And where interest is due under various supplies[6] to the same person, the amounts of such interest are brought together on the face of *one* list,[4]

[1] Prompt payment is a payment in money of principal, with interest thereon to any required day previous to the day on which the interest would by advertisement cease.

[2] Small Bills are never given in exchange for larger, but large Bills may be had for smaller.

[3] First, all of the same date, the £.1,000 of that date, together, and the same with the £.500, £.200 and £.100 Bills, and the Bills of each value in numerical order.

[4] Where there are overdue Bills to be renewed of the supply of those now advertised, such, alphabetically arranged and kept together, take precedence in such supply.

[5] In the numerical order of which lists they are filed.

[6] The lists of every supply being all thrown together, and alphabetically arranged,

arranged, the overdue lists preceding in a body the lists of Bills now advertised.

[1] The interest on overdue Bills is never added to that on Bills now advertised, nor the interest on either, to a payment of principal in money.

list,[1] behind which are pinned the lists whose interest has been so brought together; and from these claims the drafts are drawn by the accountant, and entered, the name and amount, in his cash-book, whose total should agree with the money-column of the Journal and Check-book.

16. The name and amount, with the number of each draft, are entered in a paymaster's Draft-book, which is alphabetically divided.

17. The drafts are signed by the Paymasters, and remain in their possession, having, as to the names and amounts, been previously read off, simultaneously with the names and amounts entered on the lists, the accountants' Cash-book, and the Paymasters' Draft-book.

18. In the meanwhile the pay-clerk has entered in the register of new Bills required, under the heads of the various Acts under which the Bills to be exchanged for such have been issued, the amount under each Act now presented for renewal by each individual, his name, and the number of Bills of each denomination (whether £.1,000, £.500, £.200 or £.100) so claimed, with a total of his whole claim.[2]

19. A memorandum, giving the total of this book, that is, of the whole amount to be renewed, and of the number of Bills of every denomination required for that purpose, is forwarded to the issuing office, whose chief clerk returns a counter memorandum of the grant under which the new Bills will be issued, and the first and last numbers of each denomination.

20. Which numbers are distributed by the pay clerk among the claimants in the order in which they appear upon his list-book,[3] the last numbers being given to the claims on account of overdue Bills.

21. From this list-book the pay-clerk forms a series of labels equal in number to that of the individual claimants, giving the name and claim of each, with the number of Bills of each denomination claimed, and the numbers of the new Bills to be delivered to him.

22. Which labels guide the accountant in distributing into their respective parcels the new Bills when received from the issuing office.

23. Which new Bills, when so distributed, each parcel, with this label as its wrapper, are delivered to the Paymasters.

24. The parties applying for their claims have their memoranda compared with the lists (as to the principal, interest and new Bills stated to be due), by a clerk in the public office, have their receipt[4] for such ticket on the back of the said lists, and the initials of the said clerk having been affixed by him to such memoranda to note to the paymasters the examination and correctness of such claim, convey such to the Paymaster's, room.

25. The Paymasters hand over to the parties the new Bills and draft, filing the memoranda and the labels or wrappers of new Bills.

26. An entry of the paid drafts is made by the Paymasters in their cash-book.

27. A book of payments is kept by the pay-clerk, stating under each supply the number of the list, the name of the person paid, the interest and principal discharged, and the latter, whether in new Bills or money, such payments being entered each day under that date in the numerical order of the lists.

28. The Journal and Check-books are indexed.

C. Waterfield.

March 2, 1840.

[2] The claims upon overdue Bills are kept distinct, and are entered in alphabetical order upon a sheet to themselves, but under their different supplies.

[3] The register of new Bills so called.

[4] Parties not wishing themselves to attend for such, are permitted to deliver in the said list receipted, of course being advised that their memorandum becomes payable to bearer; but the subsequent indorsement of a memorandum to bearers is not acknowledged by the paymasters.

Appendix, No. 35.

Appendix, No. 35.

LETTER from the Comptroller-General of the Exchequer to the Treasury, dated 2d June 1840, and ANSWER from Treasury, 22d June.

My Lords, Exchequer, 2 June 1840.

I BEG leave to call your Lordships' attention to the very urgent necessity which exists that such an early notice should be given by your Lordships to this office as may enable the necessary arrangements to be made to carry into effect the exchange of Exchequer Bills without delay or inconvenience to the public.

Your Lordships must be aware that no steps can be taken for the completion of the engraved plate, or for striking off the Bills, till I am put in possession of your Lordships' warrant, setting forth the scrip of the Bills, and the amount of interest payable thereon.

When this warrant reaches me, the printing presses in this office do not allow a greater number of Bills to be struck off than two books of 500 Bills each.

And thus where, as in the present instance, about 18,000 Bills have to be struck off, double-numbered, sealed with the seal of the Exchequer, and finally signed by me, or by the Assistant comptroller, Mr. Eden, the very shortest time in which the Bills can be printed is eighteen working days. But it is scarcely prudent to incur the risk which even that period would produce. An accident to the printing-press itself, or the illness of the officer engaged in the work, might render it physically impossible that the Bills should be completed at the proper time, and the new delivery of the Bills to the depositors of the Bills withdrawn to be cancelled, would lead to the most serious consequences.

Your Lordships' warrant for the present exchange bears date the 30th May; the exchange is fixed for the 17th June. But very fortunately, in consequence of a private communication from your Lordships' department, I have been enabled to act in anticipation of your Lordships' commands, and 7,000 Bills are already printed, numbered, sealed, signed and prepared for the exchange.

Your Lordships will see that it would otherwise have been totally impossible to have completed the Bills by the 17th instant.

I have, therefore, very earnestly to recommend to your Lordships, that the very earliest instructions that circumstances will permit should be given to this department, communicating the exact scrip of the Bills, with a view to securing, without fail, the punctual performance of the exchange.

(signed) *Monteagle.*

COPY of LETTER from the Treasury to the Comptroller-General, in Answer.

My Lord, Treasury Chambers, 22 June 1840.

I AM commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, with reference to your Lordship's letter of the 2d instant, that they will bear in mind your wishes regarding the early issue in future years, of the warrant for the preparation of new Exchequer Bills, and your Lordship may be assured, that no unnecessary delay will take place.

(signed) *C. E. Trevelyan.*

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